



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

**GREATERGOOD.ORG**

June 30, 2020 and 2019

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## **Report of Independent Auditors**

To the Board of Directors  
GreaterGood.org

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

We have audited the accompanying financial statements of GreaterGood.org (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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, 2020 and 2019, 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  
February 23, 2021

**GreaterGood.org**  
**Statements of Financial Position**

**ASSETS**

	June 30,	
	2020	2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,541,879	\$ 917,102
Short-term investments	254,927	2,588,300
Accounts receivable, net	1,021,096	2,299,017
Donated goods inventory	2,653,294	447,393
Prepaid expenses	299,106	143,839
Total current assets	9,770,302	6,395,651
Long-term investments	60,518	49,130
Fixed assets, net	146,998	163,479
Total non-current assets	207,516	212,609
Total assets	\$ 9,977,818	\$ 6,608,260

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and other current liabilities	\$ 357,178	\$ 305,396
Grants payable	134,815	238,983
Deferred revenue	269,644	-
Current portion of long-term debt	305,311	-
Total current liabilities	1,066,948	544,379
Long-term debt	381,639	-
Total non-current liabilities	381,639	-
Total liabilities	1,448,587	544,379
<b>NET ASSETS</b>		
Without donor restrictions	1,853,765	1,731,502
With donor restrictions	6,675,466	4,332,379
Total net assets	8,529,231	6,063,881
Total liabilities and net assets	\$ 9,977,818	\$ 6,608,260

**GreaterGood.org**  
**Statement of Activities**

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	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
Interest and dividends	36,254	-	36,254
Unrealized gains on investments	(11,198)	-	(11,198)
Realized gains on investments	26,203	-	26,203
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>
Total operating revenue and other support			
<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 expenses			
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>

**GreaterGood.org**  
**Statement of Activities**

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
In-kind donations	\$ 51,721,331	\$ 13,786	\$ 51,735,117
Donations	9,377,110	19,149	9,396,259
Royalties	362,838	-	362,838
Handling fees	954,668	-	954,668
Interest and dividends	17,575	-	17,575
Unrealized gains on investments	23,714	-	23,714
Realized gains on investments	22,817	-	22,817
Loss on disposal of assets	(78,651)	-	(78,651)
Net assets released from restriction	484,605	(484,605)	-
	62,886,007	(451,670)	62,434,337
<b>EXPENSES</b>			
Program	60,865,899	-	60,865,899
Fundraising	1,149,876	-	1,149,876
Management and general	1,019,886	-	1,019,886
	63,035,661	-	63,035,661
Total change in net assets	(149,654)	(451,670)	(601,324)
NET ASSETS, beginning of year	1,881,156	4,784,049	6,665,205
NET ASSETS, end of year	\$ 1,731,502	\$ 4,332,379	\$ 6,063,881

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### 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>



**GreaterGood.org**  
**Statement of Functional Expenses**

	Year Ended June 30, 2019			Total
	Program	Fundraising	Management and General	
Cash grants to other organizations	\$ 4,275,885	\$ -	\$ -	\$ 4,275,885
Marketing	60,065	448,687	55,601	564,353
Wage and fringe	2,475,290	519,434	572,327	3,567,051
Contract labor	191,081	2,908	4,129	198,118
Travel and entertainment	266,948	12,437	69,518	348,903
Accounting	-	-	67,826	67,826
Professional fees - legal	6,851	-	50,365	57,216
Professional fees - programming and development	36,668	-	19,180	55,848
Bank service charges	33,883	51,232	18,253	103,368
Supplies	374,161	529	9,726	384,416
Dues and subscriptions	122,203	47,615	1,720	171,538
Taxes and licenses	1	-	9,329	9,330
Communications	12,638	86	5,952	18,676
Conferences and meetings	4,568	818	-	5,386
Rent	36,030	10,641	80,888	127,559
In-kind grants to other organizations	51,663,413	-	-	51,663,413
Postage	15,746	25,167	2,012	42,925
Printing	12,869	22,573	4,085	39,527
Insurance	59	4,106	29,208	33,373
Logistics	1,061,556	-	-	1,061,556
Training and education	1,800	3,287	899	5,986
Depreciation and amortization	18,310	356	18,868	37,534
Bad debt	195,874	-	-	195,874
<b>Total expenses</b>	<b>\$ 60,865,899</b>	<b>\$ 1,149,876</b>	<b>\$ 1,019,886</b>	<b>\$ 63,035,661</b>

**GreaterGood.org**  
**Statements of Cash Flows**

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	Years Ended June 30,	
	2020	2019
<b>CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,465,350	\$ (601,324)
Adjustments to reconcile change in net assets to net cash (used in) from operating activities		
Depreciation	51,797	37,534
Net realized and unrealized gains on investments	(15,005)	(46,531)
Net loss on disposal of assets	1,798	78,651
Change in accounts receivable allowance	-	193,282
Change in donated goods inventory	(2,205,901)	(13,785)
Changes in operating assets and liabilities		
Accounts receivable	1,277,921	(1,064,140)
Prepaid expenses	(155,267)	(77,151)
Accounts payable and other current liabilities	217,258	(215,291)
Net cash (used in) from operating activities	<u>1,637,951</u>	<u>(1,708,755)</u>
<b>CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,978,010)	(5,577,550)
Proceeds from sale of investments	5,315,000	4,014,823
Purchase of furniture and equipment	(37,114)	(125,709)
Proceeds from sale of furniture and equipment	-	3,272
Net cash (used in) from investing activities	<u>2,299,876</u>	<u>(1,685,164)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from SBA loan	686,950	-
Net cash from financing activities	<u>686,950</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	4,624,777	(3,393,919)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>917,102</u>	<u>4,311,021</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 5,541,879</u>	<u>\$ 917,102</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest	<u>\$ 1,161</u>	<u>\$ -</u>
Donation of items held in inventory	<u>\$ 2,653,294</u>	<u>\$ 447,393</u>

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

**Organization** - GreaterGood.org (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.

**Adoption of new accounting principle** – In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The Organization adopted this standard effective July 1, 2019, on a modified prospective basis for contracts not yet completed as of, or entered into subsequent to, the beginning of the fiscal year. The adoption did not result in a change to how the Organization accounts for revenue from contributions, grants and contracts.

**New accounting pronouncements** – In May 2014, the FASB issued 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 ending June 30, 2021. The Organization is currently evaluating the impact that this guidance will have on its financial statements.

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.

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## Notes to the Financial Statements

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

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 is comprised of trade receivables and donations receivables. The balance of trade receivables at June 30, 2020 and 2019, was \$185,326 and \$155,107, respectively. The balance of donations receivables at June 30, 2020 and 2019, was \$835,770 and \$2,143,910, 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 debt, equity, mutual funds and certificate of deposit 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

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

Gifts of capital assets are reported as donations without donor restrictions, unless explicit donor stipulations require otherwise. Fixed assets as of June 30, 2020 and 2019 consisted of purchased and donated vehicles that will support the Organization's programs. Fixed assets as of June 30, 2020 and 2019 consisted of purchased and donated vehicles as well as software under development for an application that will support the Organization's programs and assist with the tracking of inventory, computer equipment, and office furniture.

**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's cash donations consist of donations, royalties and handling fees. Donations are received from individuals, corporations and foundations through online platforms and direct mail. Donations received from corporations based on incentivized consumer behavior is recorded as royalties. Handling fees are program service revenue related to the handling and storage of in-kind donations. Donations and royalty revenue are recognized when the donation is received. Handling fees are recognized when the related in-kind donations have been transferred or services rendered. In-kind donations are recognized when goods and services are donated or when an unconditional promise is made. 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.

**In-kind donations** – The Organization received donated apparel, household items, pet food, various pet supplies, and warehouse fulfillment services. For the years ended June 30, 2020 and 2019, in-kind donations were \$64,424,679 and \$51,721,331, respectively. Included in that amount is \$312,827 and \$118,433, 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 \$140,384 for the year ended June 30, 2020.

**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, 2020 and 2019.

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## 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, 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	

Concentrations consisted of the following numbers of customers as percentages of revenues for the year ended June 30, 2019:

<u>Revenue Stream</u>	<u>Number of Customers</u>	<u>Percentage of Total Revenue</u>
In-kind donations	2	22%
Royalties	2	100%
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 and changes in net assets. 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 February 23, 2021, the date on which the financial statements were available to be issued.

**Note 2 – Fixed Assets**

Fixed assets consisted of the following at June 30:

	2020	2019
Vehicles	\$ 125,929	\$ 125,929
Land	23,000	23,000
Camera equipment	1,404	1,404
Computer equipment	103,730	71,124
Fixtures and furniture	4,953	4,953
Total fixed assets	259,016	226,410
Less accumulated depreciation	(112,018)	(62,931)
Total fixed assets, net	\$ 146,998	\$ 163,479

**Note 3 – Related-Party Transactions**

The Organization shared facilities, equipment, and staff support with CharityUSA.com during the years ended June 30, 2020 and 2019. CharityUSA.com 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, 2020 and 2019, the Organization made payments totaling \$57,856 and \$945,169, respectively, to CharityUSA.com for the reimbursement of employee salaries and benefits paid on behalf of the Organization, rent expenses, accounting services, supplies, and bank expenses. With continued growth over time, the intent of the Organization is to pay all employee salaries and benefits, rent expenses, accounting services, supplies and bank expenses directly, working towards eliminating the reimbursement payments to CharityUSA.com.

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, 2020 and 2019. 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 \$4,497,360, or 6% of total revenues, and in the amount of \$3,628,898, or 6% of total revenues for the years ended June 30, 2020 and 2019, respectively:

During the year ended June 30, 2020, the Organization received donations of \$217,008 from four of its board members and another related party. During the year ended June 30, 2019, the Organization received donations of \$138,500 from four of its board members.

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## 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 \$140,384 for the year ended June 30, 2020. The agreement currently has no termination date.

*Tucson, Arizona* – Effective October 16, 2018, the Organization leased the Tucson warehouse facility 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, 2020 and 2019, totaled \$230,042 and \$127,559, respectively.

*Houston, Texas* – The Organization used space leased by CharityUSA as of June 30, 2020 and 2019. Total rent expense was passed through to the Organization on a monthly basis as there was no formal sublease agreement. As of June 30, 2020, the Organization no longer maintained any inventory in this facility and is no longer using the space.

### 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>2020</u>	<u>2019</u>
Restricted to purpose (program activities)		
Breast cancer and women's health	\$ 212,401	\$ 217,885
Hunger and poverty	407,593	-
Literacy and children's education	-	136,185
Rescued animals	<u>6,055,472</u>	<u>3,978,309</u>
Total net assets with donor restriction - purpose	<u>\$ 6,675,466</u>	<u>\$ 4,332,379</u>



**Note 6 – COVID-19 Impact and SBA 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 offered by the 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 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. Given the uncertainty surrounding the forgiveness of the loan, the Organization is unable to estimate the forgivable amount, if any, at this time.

**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.

**GreaterGood.org**  
**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, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities				
Domestic				
Stock	<u>\$ 25,113</u>	<u>\$ 25,113</u>	<u>\$ -</u>	<u>\$ -</u>
Foreign				
Stock	<u>24,921</u>	<u>24,921</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>50,034</u>	<u>50,034</u>	<u>-</u>	<u>-</u>
Mutual funds	<u>254,927</u>	<u>254,927</u>	<u>-</u>	<u>-</u>
Exchange traded products	<u>10,484</u>	<u>10,484</u>	<u>-</u>	<u>-</u>
Total investments	<u><u>\$ 315,445</u></u>	<u><u>\$ 315,445</u></u>	<u><u>\$ -</u></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, 2019:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt securities				
Domestic				
Treasury bonds	<u>\$ 2,333,373</u>	<u>\$ 2,333,373</u>	<u>\$ -</u>	<u>\$ -</u>
Total debt securities	<u>2,333,373</u>	<u>2,333,373</u>	<u>-</u>	<u>-</u>
Equity securities				
Domestic				
Stock	<u>27,982</u>	<u>27,982</u>	<u>-</u>	<u>-</u>
Foreign				
Stock	<u>21,148</u>	<u>21,148</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>49,130</u>	<u>49,130</u>	<u>-</u>	<u>-</u>
Certificate of deposit	<u>254,927</u>	<u>254,927</u>	<u>-</u>	<u>-</u>
Total investments	<u><u>\$ 2,637,430</u></u>	<u><u>\$ 2,637,430</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Note 7 – Fair Values (continued)**

Investment income comprises the following as of June 30, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 36,254	\$ 17,575
Realized gains	26,203	22,817
Unrealized gains (losses)	(11,198)	23,714
	\$ 51,259	\$ 64,106

**Note 8 – CharityUSA.com Receivable**

At the end of fiscal year 2016, a receivable from CharityUSA.com was recorded in the amount of \$5,344,302. This amount was provided by CharityUSA.com as its liability for funds from public donations through the Gifts That Give More (GTGM) program and funds generated by CharityUSA.com 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.com, the Organization’s management decided to take a conservative approach by reserving against the remaining receivable balance. The Organization received \$193,282 in new royalties from CharityUSA.com during the year ended June 30, 2019 and received no new royalties during the year ended June 30, 2020. Given the uncertainty related to the older receivables, the Organization reserved the full amount of these new royalties bringing the balance of the allowance for doubtful accounts to \$2,872,734 as of June 30, 2020 and 2019. All amounts are due within one year of June 30, 2020, 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 \$829,449 and \$926,448 for the years ended June 30, 2020 and 2019, respectively. Effective November 2020, this strategic alliance agreement was dissolved by the Organization.

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### 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>2020</u>	<u>2019</u>
Financial assets available for expenditure within a year		
Cash and cash equivalents	\$ 5,541,879	\$ 917,102
Receivables	1,021,096	2,299,017
Investments	<u>254,927</u>	<u>2,588,300</u>
Total financial assets available for expenditure within a year	6,817,902	5,804,419
Less assets unavailable for general expenditure		
Cash, receivables, and investments with donor restrictions	<u>746,108</u>	<u>1,124,949</u>
Total financial assets available for general expenditure within one year	<u><u>\$ 6,071,794</u></u>	<u><u>\$ 4,679,470</u></u>

