



Global Good Fund
Financial Statements
and Independent Auditor's Report
December 31, 2018

Global Good Fund

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Independent Auditor's Report

To the Board of Directors
Global Good Fund
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Global Good Fund (the "Fund"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Global Good Fund as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Bethesda, Maryland
November 1, 2019

Global Good Fund

**Statement of Financial Position
December 31, 2018**

Assets

Cash and cash equivalents	\$	110,409
Pledges receivable		353,199
Accounts receivable		54,264
Investments		494,961
Property and equipment, net		14,525
Prepaid expenses		4,000
		<hr/>
Total assets	\$	<u>1,031,358</u>

Liabilities and Net Assets (Deficit)

Accounts payable and accrued expenses	\$	<u>88,812</u>
Net assets (deficit)		
Net assets without donor restriction		(406,526)
Net assets with donor restriction		<u>1,349,072</u>
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Total net assets		<u>942,546</u>
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Total liabilities and net assets	\$	<u>1,031,358</u>

See Notes to Financial Statements.

Global Good Fund

Statement of Activities and Change in Net Assets Year Ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions	\$ 189,013	\$ 554,300	\$ 743,313
Special event revenue	213,759	25,000	238,759
Product revenue	10,930	-	10,930
Miscellaneous income	4,444	-	4,444
Investment loss	(35,139)	-	(35,139)
Net assets released from restriction			
Satisfaction of program restrictions	1,598,515	(1,598,515)	-
Total revenue and support	<u>1,981,522</u>	<u>(1,019,215)</u>	<u>962,307</u>
Expenses			
Program	1,506,798	-	1,506,798
General and administrative	251,086	-	251,086
Fundraising	472,533	-	472,533
Total expenses	<u>2,230,417</u>	<u>-</u>	<u>2,230,417</u>
Change in net assets	(248,895)	(1,019,215)	(1,268,110)
Net assets (deficit), beginning of year	<u>(157,631)</u>	<u>2,368,287</u>	<u>2,210,656</u>
Net assets (deficit), end of year	<u><u>\$ (406,526)</u></u>	<u><u>\$ 1,349,072</u></u>	<u><u>\$ 942,546</u></u>

See Notes to Financial Statements.

Global Good Fund

**Statement of Functional Expense
Year Ended December 31, 2018**

	Program services	General and administrative	Fundraising	Total
Salaries and benefits	\$ 539,689	\$ 140,070	\$ 121,904	\$ 801,663
Fellowship costs	83,451	640	-	84,091
Fellowship grants	517,718	-	-	517,718
Program management	120,453	-	-	120,453
Special event	151,356	-	118,812	270,168
Marketing	-	-	157,803	157,803
Consulting and service charges	46,655	37,324	848	84,827
Accounting	-	30,854	-	30,854
Technology	-	21,491	-	21,491
Printing and postage	6,534	569	202	7,305
Office	1,845	11,892	19,872	33,609
Travel	39,097	-	27,596	66,693
Miscellaneous	-	8,246	-	8,246
Bad debt	-	-	25,496	25,496
	<u>\$ 1,506,798</u>	<u>\$ 251,086</u>	<u>\$ 472,533</u>	<u>\$ 2,230,417</u>

See Notes to Financial Statements.

Global Good Fund
Statement of Cash Flows
Year Ended December 31, 2018

Cash flows from operating activities	
Change in net assets	\$ (1,268,110)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Net realized and unrealized loss on investments	53,915
Changes in	
Pledges receivable	(14,593)
Accounts receivable	(54,264)
Prepaid expenses	(4,000)
Accounts payable and accrued expenses	<u>29,553</u>
Net cash used in operating activities	<u>(1,257,499)</u>
Cash flows from investing activities	
Purchases of property and equipment	(14,525)
Purchases of investments	(353,907)
Proceeds from sales of investments	<u>1,011,008</u>
Net cash provided by investing activities	<u>642,576</u>
Net decrease in cash and cash equivalents	(614,923)
Cash and cash equivalents, beginning of year	<u>725,332</u>
Cash and cash equivalents, end of year	<u><u>\$ 110,409</u></u>

See Notes to Financial Statements.

Global Good Fund

Notes to Financial Statements December 31, 2018

Note 1 - Summary of significant accounting policies

Organization

Global Good Fund (the "Fund") was incorporated in 2013 to accelerate the development of high potential young leaders to achieve out-sized social impact. The Fund is an independent organization incorporated in the Commonwealth of Virginia. The Fund's principal sources of revenue are contributions and special event revenue.

Basis of accounting

The Fund prepares its financial statements on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Estimates

Management uses estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and cash equivalents

The fund considers all cash and other highly-liquid investments with initial maturities of three months or less to be cash equivalents. Cash and money market funds held in investment accounts with investment institutions are classified as investments on the statement of financial position.

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded as current pledges receivable at their net realizable values in the period in which the Fund is notified by the donor of his or her commitment to make a contribution. Unconditional promises to give that are expected to be collected in future years are reflected as long-term pledges in net assets with donor restrictions at the net present value of their estimated future cash flows using risk-adjusted interest rates. Amortization of the discount on long-term pledges receivable is reflected as contribution revenue. Conditional promises to give are recognized when conditions on which they depend are substantially met. There are no long-term promises to give at December 31, 2018. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be worthless. During the year ended December 31, 2018, the Fund wrote off pledges receivable of \$25,496. There is no allowance for doubtful accounts at December 31, 2018.

Accounts receivable

The Fund records accounts receivable, net of an allowance for doubtful accounts when necessary. The allowance is determined based on a review of the estimated collectability of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be worthless. There is no allowance for doubtful accounts at December 31, 2018.

Investments

Investments consist of money market funds, equities, fixed income corporate and governmental bonds and mutual funds. Investments with readily determinable fair values are reported at their fair values in the statement of financial position. Investment income consists of interest income and realized and unrealized gains and losses on investments. Investments are exposed to various risks, such as market risk, interest rate risk and credit risk. It is reasonably possible that changes in risks

Global Good Fund

Notes to Financial Statements December 31, 2018

in the near term could result in a change in the fair value of investment balances, which could be material.

Property and equipment, net

Furniture and equipment are recorded at cost. Depreciation and amortization expense is calculated using the straight-line method over an estimated useful life of five years. The Fund capitalizes all purchases of \$1,500 or more with an expected useful life of greater than one year.

As of December 31, 2018, the Fund owned \$14,525 of software capitalized and no accumulated amortization has been recorded as it is not yet placed in service.

Net assets

The Fund classifies net assets into two categories: net assets without donor restrictions and net assets with donor restrictions:

Net assets without donor restrictions are net assets that are not restricted by donor stipulations for a time or purpose restriction.

Net assets with donor restrictions consist of contributions with donor-imposed time and/or program-specific restrictions. These restrictions require that resources be used for specific purposes and/or in a certain period. Such net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or the funds are used for their donor-imposed purposes and are reported in the statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions also consist of contributions with donor-imposed restrictions to hold the donated assets in perpetuity. The Fund has no net assets held in perpetuity.

Revenue recognition

Contributions are recorded at fair value at the time of receipt. All contributions are reported as without donor restrictions unless specifically restricted by the donor. Restricted support is reported as an increase in net assets with donor restrictions. Revenue is recognized as net assets without donor restriction if the restrictions are satisfied in the same period as the support is received, otherwise when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Other revenue is recognized by the Fund during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

Functional allocation of expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among programs and supporting services benefited based on management's estimate of the time related to each activity.

Income taxes

The Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. However, income from certain activities not directly related to the Fund's tax-exempt purpose is subject to taxation as unrelated business income. The Fund did not receive any unrelated business taxable income during the year ended December 31, 2018 and, therefore, has no provision for income taxes in the accompanying financial statements. The Fund

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Notes to Financial Statements December 31, 2018

believes it has appropriate support for any tax position taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Fund reported no penalties and interest related to income tax expense on uncertain tax positions for the year ended December 31, 2018. Tax years prior to 2015 are no longer subject to examination by the IRS or the tax jurisdiction of the Commonwealth of Virginia.

Adoption of accounting principle

For the year ended December 31, 2018, the Fund adopted Financial Accounting Standards Board Accounting Standard Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. A key change under ASU 2016-14 is the terminology of net asset classes used in these consolidated financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. Additionally, ASU 2016-14 requires a presentation of expenses on a functional basis.

Subsequent events

The Fund has evaluated events and transactions for potential recognition or disclosure through November 1, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and availability of resources

The Fund's financial assets that are available for general expenditure within one year consist of the following at December 31, 2018:

Financial assets at year-end	
Cash and cash equivalents	\$ 110,409
Pledges receivable	353,199
Accounts receivable	54,264
Investments	494,961
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	\$ 1,012,833
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The Fund considers financial assets that are donor-restricted to be considered for general expenditures because the Fund's programs are of a nature that meets the donor restrictions and releases them from restrictions.

Note 3 - Investments

Investments consist of the following at December 31, 2018:

Money market funds	\$ 5,188
Equities	198,343
Corporate and governmental bonds	173,080
Mutual funds	118,350
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	\$ 494,961
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Notes to Financial Statements December 31, 2018

Investment loss consists of the following for the year ended December 31, 2018:

Equities	198,343
Corporate and governmental bonds	173,080
Mutual funds	118,350
	\$ 494,961

Note 4 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following as of December 31, 2018:

Diana Davis Spencer Foundation	\$ 616,641
Veteran's Program	240,458
Johnson and Johnson Fellows	305,230
GGF Program Fellows	161,743
Summit and Gala	25,000
	\$ 1,349,072

Note 5 - Retirement plan

The Fund maintains a 403(b) Plan (The Plan), through which employees can make elective deferrals of compensation, up to the legal limits allowed by the Internal Revenue Code. The Fund can choose to make discretionary matching contributions each year, equal to a uniform percentage or dollar amount of an employee's elective deferrals. Each year, the Fund will determine the formula for the discretionary matching contribution. The Fund can also make a discretionary non-elective contribution to the Plan. Employees are always 100 percent vested in their plan accounts. In 2018, the Fund made a discretionary match of up to 4% of employee compensation, resulting in a retirement plan expense of \$23,778 for the year ended December 31, 2018.

Note 6 - Fair value measurements

The Fund has determined the fair value of certain assets and liabilities through Fair Value Measurement ("Topic 820") of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("FASB ASC"). Fair values of assets measured on a recurring basis at December 31, 2018 is as follows:

	Fair value measurements at reporting date using			
	Fair value	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money market funds	\$ 5,188	\$ 5,188	\$ -	\$ -
Equities	198,343	198,343	-	-
Corporate and governmental bonds	173,080	-	173,080	-
Mutual funds	118,350	118,350	-	-
	\$ 494,961	\$ 321,881	\$ 173,080	\$ -

Global Good Fund

Notes to Financial Statements December 31, 2018

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets in active or inactive markets as significant other observable inputs. Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs. The Fund uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 investments consist of corporate and governmental bonds which are valued using a market approach from pricing sources utilized by investment managers. There have been no changes in the valuation methodologies used during the current year. All assets have been valued using a market approach.

Note 7 - Risks and uncertainties

At December 31, 2018, the Fund has an accumulated deficit (without donor restrictions) of \$406,526 as a result of operating losses. In 2019, management executed a plan to increase contributions without donor restrictions, in order to increase net assets without donor restrictions. As of November 1, 2019, the Fund had received in 2019 over \$1,200,000 in contributions without donor restrictions and no longer had a deficit in net assets without donor restrictions. It is management's intent to continue to raise contributions without donor restrictions and to monitor the net assets balance into 2019 and beyond.

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