

Global Good Fund
Financial Statements
and Independent Auditor's Report
December 31, 2020

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, 2020, 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, 2020, 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
January 27, 2022

Global Good Fund
Statement of Financial Position
December 31, 2020

Assets

Cash and cash equivalents	\$	1,614,766
Accounts receivable		41,589
Pledges receivable		110,000
Investments		41,908
Property and equipment, net		14,305
Prepaid expenses		11,725
		11,725
Total assets	\$	1,834,293

Liabilities and Net Assets

Accounts payable and accrued expenses	\$	20,826
Paycheck Protection Program Loan		106,342
		106,342
Total liabilities		127,168
Net assets		
Net assets without donor restrictions		1,431,627
Net assets with donor restrictions		275,498
		275,498
Total net assets		1,707,125
Total liabilities and net assets	\$	1,834,293

See Notes to Financial Statements.

Global Good Fund

**Statement of Activities and Change in Net Assets
Year Ended December 31, 2020**

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions	\$ 417,608	\$ 327,408	\$ 745,016
Leadership services	41,807	-	41,807
Investment income	4,541	-	4,541
Net assets released from restriction			
Satisfaction of program restrictions	764,057	(764,057)	-
Total revenue and support	<u>1,228,013</u>	<u>(436,649)</u>	<u>791,364</u>
Expenses			
Program	1,270,995	-	1,270,995
General and administrative	308,530	-	308,530
Fundraising	34,670	-	34,670
Total expenses	<u>1,614,195</u>	<u>-</u>	<u>1,614,195</u>
Change in net assets	(386,182)	(436,649)	(822,831)
Net assets, beginning of year	<u>1,817,809</u>	<u>712,147</u>	<u>2,529,956</u>
Net assets, end of year	<u>\$ 1,431,627</u>	<u>\$ 275,498</u>	<u>\$ 1,707,125</u>

See Notes to Financial Statements.

Global Good Fund

**Statement of Functional Expense
Year Ended December 31, 2020**

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 608,184	\$ 144,629	\$ 22,313	\$ 775,126
Fellowship grants	321,494	-	-	321,494
Program management	33,820	-	-	33,820
Special event	68,452	1,346	385	70,183
Seminar costs	20,317	-	-	20,317
Branding and marketing	27,138	54,976	1,728	83,842
Professional fees	178,423	73,148	-	251,571
Occupancy	4,524	10,452	665	15,641
Office expenses	1,813	5,438	3,210	10,461
Meals and engagement	109	692	797	1,598
Travel	5,574	-	5,193	10,767
Depreciation and amortization	-	9,539	-	9,539
Miscellaneous	1,147	8,310	379	9,836
	<u>\$ 1,270,995</u>	<u>\$ 308,530</u>	<u>\$ 34,670</u>	<u>\$ 1,614,195</u>

See Notes to Financial Statements.

Global Good Fund

Statement of Cash Flows Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	\$ (822,831)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation and amortization	9,539
Net realized and unrealized gain on investments	(4,130)
Changes in	
Pledges receivable	(19,583)
Accounts receivable	3,273
Prepaid expenses	21,935
Accounts payable and accrued expenses	7,459
Deferred revenue	(7,941)
	<u>(812,279)</u>
Net cash used in operating activities	
Cash flows from investing activities	
Purchases of investments	(27,477)
Proceeds from sales of investments	15,605
	<u>(11,872)</u>
Net cash used in investing activities	
Cash flows from financing activities	
Proceeds from Paycheck Protection Program Loan	106,342
	<u>106,342</u>
Net cash provided by financing activities	
Net decrease in cash and cash equivalents	(717,809)
Cash and cash equivalents, beginning of year	<u>2,332,575</u>
Cash and cash equivalents, end of year	<u>\$ 1,614,766</u>

See Notes to Financial Statements.

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Notes to Financial Statements December 31, 2020

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, 2020. 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, 2020.

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, 2020. There was no bad debt expense recorded for the year ended December 31, 2020.

Investments

Investments consist of money market funds, equity securities, and exchange-traded 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

Global Good Fund

Notes to Financial Statements December 31, 2020

rate risk and credit risk. It is reasonably possible that changes in risks 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, 2020, the Fund capitalized software totaling \$28,613 and accumulated amortization on the software was \$14,308.

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 and grants are classified as either conditional or unconditional. Unconditional contributions and grants, including unconditional promises to give are recognized at fair value when the commitment to contribute is received and are reported as without donor restrictions revenue and support unless specifically restricted by the donor or by law. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as revenue and support with donor restrictions. Revenue is recognized on a conditional contribution or grant once a barrier or hurdle to be entitled to the resource is overcome and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Fund fails to overcome the barrier. Any funding received prior to overcoming the barrier is recognized as refundable advance. Revenue is recognized as net assets without donor restrictions 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.

The Fund recognizes other revenue through the five-step model prescribed by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC"), *Revenue from Contracts with Customers*: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when a performance obligation is met. The Fund applies the practical expedient in ASC 606-10-50-14 and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less.

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Notes to Financial Statements December 31, 2020

Leadership services represent consulting services that the Fund provides to other organizations. The revenue is recognized as the services are performed.

Donated services

Donated services are recorded as revenue and support and expenses at their fair value when received and have been presented on the statement of activities and change in net assets as contributions without donor restrictions and expensed in the appropriate functional category. For the year ended December 31, 2020, the Fund recognized \$49,356 worth of donations for services rendered. These donated services required specialized skills which would typically need to be purchased if not donated.

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, 2020 and, therefore, has no provision for income taxes in the accompanying financial statements. The Fund 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, 2020. Tax years prior to 2017 are no longer subject to examination by the Internal Revenue Service or the tax jurisdiction of the Commonwealth of Virginia.

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, 2020:

Financial assets at year-end	
Cash and cash equivalents	\$ 1,614,766
Accounts receivable	41,589
Pledges receivable	110,000
Investments	41,908
	<hr/>
	\$ 1,808,263
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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.

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Notes to Financial Statements December 31, 2020

Note 3 - Investments

Investments consist of the following at December 31, 2020:

Money market funds	\$	2,769
Fixed income exchange-traded funds		4,272
Equity securities and exchange-traded funds		<u>34,867</u>
	\$	<u>41,908</u>

Investment income consists of the following for the year ended December 31, 2020:

Interest and dividends	\$	411
Net realized and unrealized gains on investments		<u>4,130</u>
	\$	<u>4,541</u>

Note 4 - Paycheck Protection Program Loan

On April 28, 2020, the Fund obtained an unsecured promissory note of \$106,342 from its bank under the Small Business Administration ("SBA")'s Paycheck Protection Program ("PPP") that is part of the CARES Act stimulus relief. The note bears interest at 1 percent and has a maturity date of April 28, 2022. Under the CARES Act, PPP loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. As of December 31, 2020, the full loan balance was outstanding. The Fund submitted its application for PPP Loan forgiveness and received notice from its lender on April 21, 2021 that the SBA approved forgiveness of the loan. Accordingly, the Fund will derecognize the loan in the year ending December 31, 2021. There is a six-year period during which the SBA can review the Fund's forgiveness calculation.

Note 5 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following as of December 31, 2020:

Veteran's Program	\$	104,827
Women's Giving Circle		160,371
Summit and Gala		10,000
Restricted Programs		<u>300</u>
	\$	<u>275,498</u>

Note 6 - 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 nonelective contribution to the Plan. Employees are always 100% vested in their plan accounts. In 2020, the Fund made a discretionary match of up to 4% of employee compensation, resulting in a retirement plan expense of \$22,847 for the year ended December 31, 2020.

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Notes to Financial Statements December 31, 2020

Note 7 - Related party transactions

During 2018, the Fund paid some expenses on behalf of its CEO, which will be reimbursed to the Fund. The amount outstanding as of December 31, 2020 is \$39,263 and is included in accounts receivable on the statement of financial position.

On January 1, 2020, the Fund entered into a lease agreement with its CEO to lease space in her home to be used as the Fund's headquarters. The lease runs through December 31, 2022 and shall automatically renew for one-year periods unless notification is given by either party with their intent to not renew. The lease requires annual increases in monthly rent expense of 4 percent, plus the Fund's pro rata share of operating expenses. Rent expense for the year ended December 31, 2020 was \$15,641.

Future minimum annual rents under this lease are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 15,575
2022	<u>16,198</u>
	<u>\$ 31,773</u>

Note 8 - Fair value measurements

The Fund has determined the fair value of certain assets and liabilities through *Fair Value Measurement* ("Topic 820") of the FASB Accounting Standards Codification ("ASC"). Fair values of assets measured on a recurring basis at December 31, 2020, 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	\$ 2,769	\$ 2,769	\$ -	\$ -
Fixed income exchange-traded funds	4,272	4,272		
Equity securities and exchange-traded funds	<u>34,867</u>	<u>34,867</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 41,908</u>	<u>\$ 41,908</u>	<u>\$ -</u>	<u>\$ -</u>

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

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Notes to Financial Statements December 31, 2020

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 9 - Risks and uncertainties

The spread of a novel strain of coronavirus ("COVID-19") has caused significant business disruptions in the United States beginning in the first quarter of 2020. The economic impact of the business disruptions caused by COVID-19 is uncertain. The extent of any effects these disruptions may have on the operations and financial position of the Fund will depend on future developments, which cannot be determined at this time.

Note 10 - Subsequent events

The Fund has evaluated events and transactions for potential recognition or disclosure through January 27, 2022, the date the financial statements were available to be issued and determined the following event should be disclosed.

On January 31, 2021, the Fund obtained an unsecured promissory note of \$109,237 from its bank under the second round of the SBA's Paycheck Protection Program ("Second PPP Loan") that is part of the CARES Act stimulus relief. The note bears interest at 1 percent and has a maturity date of January 31, 2026. Under the CARES Act, the Second PPP loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. The Fund believes it will qualify for full or partial forgiveness. However, there is no assurance that the Fund's Second PPP Loan or any portion thereof will be forgiven. The Second PPP Loan promissory note contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in the repayment of all amounts outstanding and/or filing suit and obtaining judgment against the Fund. On January 6, 2022 the Second PPP loan was forgiven in its entirety.



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