

GOODS FOR GOOD, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Goods For Good, Inc.

We have audited the accompanying financial statements of Goods For Good, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 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 auditors' 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 Goods For Good, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (Continued)

To the Board of Directors of  
Goods For Good, Inc.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Adelman Katz + Mond LLP*

New York, NY  
September 20, 2016

GOODS FOR GOOD, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,

ASSETS

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 471,923	\$ 460,191
Pledges receivable (Note 2)	124,500	103,955
Prepaid expenses	<u>6,704</u>	<u>9,218</u>
Total Current Assets	<u>603,127</u>	<u>573,364</u>
<b>OTHER ASSETS</b>		
Fixed assets net of accumulated depreciation (Note 3)	45,090	26,096
Loan receivable	-0-	915
Security deposit	<u>15,195</u>	<u>16,419</u>
Total Other Assets	<u>60,285</u>	<u>43,430</u>
<b>INTANGIBLE ASSETS, net of accumulated amortization</b>	<u>259</u>	<u>1,338</u>
	<u>\$ 663,671</u>	<u>\$ 618,132</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 16,009	\$ 7,584
Loan from directors (Note 6)	<u>-0-</u>	<u>19,541</u>
Total Current Liabilities	<u>16,009</u>	<u>27,125</u>
<b>NET ASSETS</b>		
Unrestricted	647,662	487,052
Temporarily restricted	<u>-0-</u>	<u>103,955</u>
Total Net Assets	<u>647,662</u>	<u>591,007</u>
	<u>\$ 663,671</u>	<u>\$ 618,132</u>

See independent auditors' report and notes to financial statements.

GOODS FOR GOOD, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>
<b>SUPPORT AND REVENUE</b>						
Cash contributions	\$ 342,981	\$ -0-	\$ 342,981	\$ 519,430	\$ 93,955	\$ 613,385
In-kind contributions	194,353	-0-	194,353	82,707	-0-	82,707
Total Contributions	537,334	-0-	537,334	602,137	-0-	696,092
Fundraiser receipts	755,018	-0-	755,018	546,701	-0-	546,701
Less: fundraiser expenses	( 94,609)	-0-	( 94,609)	( 70,403)	-0-	( 70,403)
Net Fundraiser Receipts	660,409	-0-	660,409	476,298	-0-	476,298
Interest income	113	-0-	113	233	-0-	233
Other revenue	23,482	-0-	23,482	-0-	-0-	-0-
	1,221,338	-0-	1,221,338	1,078,668	93,955	1,172,623
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Satisfaction of program restrictions	103,955	( 103,955)	-0-	10,000	( 10,000)	-0-
Total Support and Revenue	1,325,293	( 103,955)	1,221,338	1,088,668	83,955	1,172,623
<b>EXPENSES</b>						
Program operations	966,785	-0-	966,785	819,045	-0-	819,045
Management and administration	63,923	-0-	63,923	81,857	-0-	81,857
Fundraising	133,975	-0-	133,975	103,498	-0-	103,498
Total Expenses	1,164,683	-0-	1,164,683	1,004,400	-0-	1,004,400
CHANGES IN NET ASSETS	160,610	( 103,955)	56,655	84,268	83,955	168,223
NET ASSETS - BEGINNING OF YEAR	487,052	103,955	591,007	402,784	20,000	422,784
NET ASSETS - END OF YEAR	\$ 647,662	\$ -0-	\$ 647,662	\$ 487,052	\$ 103,955	\$ 591,007

See independent auditors' report and notes to financial statements.

GOODS FOR GOOD, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 56,655	\$ 168,223
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	24,386	33,607
Forgiveness of loan receivable	915	-0-
Forgiveness of loan from directors	( 19,541)	-0-
Changes in assets and liabilities:		
Pledges receivable	( 20,545)	( 83,955)
Prepaid expenses	2,513	( 780)
Advance	-0-	7,000
Accounts payable and accrued expenses	8,425	( 6,732)
Net Cash Provided by Operating Activities	52,808	117,363
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	( 42,300)	( 1,339)
Security deposit	1,224	( 492)
Net Cash Used in Investing Activities	( 41,076)	( 1,831)
<b>NET INCREASE (DECREASE) IN CASH</b>	11,732	115,532
<b>CASH - BEGINNING OF YEAR</b>	460,191	344,659
<b>CASH - END OF YEAR</b>	\$ 471,923	\$ 460,191

See independent auditors' report and notes to financial statements.

GOODS FOR GOOD, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Goods For Good, Inc. (the "Organization") is a non-profit organization established in 2006 and formed solely for charitable and educational purposes. As an institution, Goods For Good, Inc. empowers communities in Malawi to support orphans and other children in need. The Organization meets the immediate needs of these children while partnering with local community centers to strengthen their skills and build businesses for sustained impact. This three-pronged approach addresses the urgent needs of the children while enabling communities to provide for them in the long run.

The Organization has been determined by the Internal Revenue Service to be a publicly supported charitable organization as described in Section 170(b)(1)(a)(vi), 501(c)(3) of the Internal Revenue Code. The Organization relies upon public support from business entities and individuals alike.

Basis of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting. Legally enforceable pledges less an allowance for uncollectible amounts, if any, are recorded as receivable in the year made.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in bank and highly liquid investments with maturity dates of less than three months and any certificates of deposit that do not contain material early withdrawal penalties. Carrying values of cash and cash equivalents approximate fair value because of the short maturities of those financial instruments.

Property and Equipment

Property and equipment are recorded in the financial statements at cost. Significant improvements and betterments made to fixed assets are capitalized, whereby incidental repairs are expensed. Depreciation is provided for in the financial statements based upon the estimated useful lives of the corresponding assets.



GOODS FOR GOOD, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

The costs of developing the Organization's website and for significant improvements thereto are capitalized. These costs are being amortized over three years on a straight line basis.

Pledges Receivable

The pledges receivable of \$124,400 at December 31, 2015 are expected to be fully collected and represent future funds to be received. Pledges receivable, both conditional and unconditional, are recognized upon initial receipt of funds.

Once the Organization is reasonably assured as to the validity of pledges, as evidenced by initial collection, it recognizes the balance of the pledge in the current period. The Organization treats pledges receivable as temporarily restricted support. Once pledges are actually collected they are reclassified as unrestricted support.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the Statement of Functional Expenses. General and administration expenses include those expenses that are not directly identifiable with another specific function but provide for the overall support and direction of the Organization.

Inventory

The Organization accounts for the donation of goods and other in-kind donations as unrestricted contributions at the value assigned to them by the respective donor organizations, which approximates lower of cost or market valuation. All donated goods are added to inventory until they are distributed to programs and accounted for as a distributed goods expense on the statement of activities.

Contributed Services

Unpaid volunteers have made significant contributions of their time to develop the Organization's programs. The value of these donated services is not included in these financial statements as they do not meet the criteria for recognition.

Consistent with generally accepted accounting principles for nonprofit organizations, the value of contributed services meeting the requirements for recognition are recorded at fair value in the period received. During the years ended December 31, 2015 and 2014, the Organization received \$30,165 and \$0 of contributed services, the fair value of which are recorded in the statement of activities.

GOODS FOR GOOD, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2015

2. FIXED ASSETS

Fixed assets consist of the following, as of December 31,

	<u>2015</u>	<u>2014</u>
Vehicles	\$ 98,976	\$ 90,669
Furniture and equipment	13,632	4,139
Leasehold improvements	<u>24,500</u>	<u>2,521</u>
	137,109	97,329
Less: accumulated depreciation	<u>( 92,019)</u>	<u>( 71,233)</u>
	<u>\$ 45,090</u>	<u>\$ 26,096</u>

Depreciation expense for the year ended December 31, 2015 and 2014 was \$24,386 and \$ 33,607, respectively.

3. INTANGIBLE ASSETS

Intangible assets consist of the following, as of December 31:

	<u>2015</u>	<u>2014</u>
Website development costs	\$ 18,000	\$ 18,000
Less: accumulated amortization	<u>17,741</u>	<u>16,662</u>
	<u>\$ 259</u>	<u>\$ 1,338</u>

Amortization expense for the year ended December 31, 2015 and 2014 was \$1,079.

4. CONCENTRATION OF CREDIT RISK

Cash in banks, based on bank balances, exceeded Federal Deposit Insurance Corporation insured limits as of December 31, 2015 by \$180,558.

5. RENT EXPENSE AND LEASE COMMITMENT

The Organization's existing lease for its office premises located in New York, New York expired May 31, 2015. The Organization presently occupies office premises in Brooklyn, New York under an operating lease for a five-year period expiring April 30, 2020.

Total rent expense incurred by the Organization for the years ended December 31, 2015 and 2014 was \$65,343 and \$77,750 respectively.

Minimum future lease payments under non-cancellable operation lease at December 31, 2015 are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2016	\$ 55,080
2017	56,732
2018	58,432
2019	60,188
2020	<u>20,260</u>
	<u>\$ 250,692</u>

GOODS FOR GOOD, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2015

6. LOAN FROM DIRECTORS

During 2010, the Organization received \$40,000 from two directors for programs and operations. The loan was non-interest bearing and was payable on demand per agreement. The loan balance of \$19,541 at December 31, 2014 was forgiven in 2015 and is reflected in the revenue section of the statements of activities.

7. DEFINED CONTRIBUTION PENSION PLAN

The Organization contributed to a pension plan for all eligible employees located in Malawi as mandated under Malawi laws. For the year ended December 31, 2015, the Organization contributed \$20,756 and is included in fringe benefits on the Statement of Functional Expenses.

8. MAJOR CONTRIBUTORS

One entity contributed approximately 15% of the Organization's total revenue and support for the year ended December 31, 2015.

9. SUBSEQUENT EVENTS

Management has considered subsequent events through September 20, 2016, which is the date that financial statements were available to be issued. Management has determined there are no material subsequent events requiring disclosure in accordance with generally accepted accounting principles as practiced in the United States.

GOODS FOR GOOD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

PROGRAM OPERATIONS

	<u>Community Enterprise</u>	<u>Shoes for Success</u>	<u>Tailoring</u>	<u>Programs General</u>	<u>Total Program Operations</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Business expenses	\$ 1,718	\$ -0-	\$ -0-	\$ 3,933	\$ 5,651	\$ 607	\$ 1,272	\$ 7,530
Contract services	705	-0-	-0-	15,208	15,913	2,347	4,919	23,179
Facilities and equipment	19,968	-0-	-0-	68,693	88,661	10,602	22,220	121,483
Operations	23,711	-0-	-0-	14,024	37,735	2,164	4,536	44,435
Other types of expenses	165	-0-	-0-	2,819	2,984	435	912	4,331
Promotional expenses	-0-	-0-	-0-	57,075	57,075	8,809	18,462	84,346
Payroll expenses	140,584	-0-	18,680	252,432	411,696	38,959	81,654	532,309
Travel and meetings	47,339	-0-	-0-	-0-	47,339	-0-	-0-	47,339
Depreciation	24,386	-0-	-0-	-0-	24,386	-0-	-0-	24,386
Program expenses	<u>133,499</u>	<u>130,673</u>	<u>11,173</u>	<u>-0-</u>	<u>275,345</u>	<u>-0-</u>	<u>-0-</u>	<u>275,345</u>
	<u>\$ 392,075</u>	<u>\$ 130,673</u>	<u>\$ 29,853</u>	<u>\$ 414,184</u>	<u>\$ 966,785</u>	<u>\$ 63,923</u>	<u>\$ 133,975</u>	<u>\$ 1,164,683</u>

GOODS FOR GOOD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

PROGRAM OPERATIONS

	<u>Community Enterprise</u>	<u>Shoes for Success</u>	<u>Tailoring</u>	<u>Programs General</u>	<u>Total Program Operations</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Awards and grants	\$ -0-	\$ -0-	\$ -0-	\$ 135	\$ 135	\$ 28	\$ 36	\$ 199
Business expenses	-0-	-0-	-0-	1,149	1,149	240	306	1,695
Contract services	1,155	-0-	-0-	13,380	14,535	3,817	4,380	22,732
Facilities and equipment	6,997	-0-	-0-	52,052	59,049	10,864	13,858	83,771
Operations	110	-0-	-0-	14,491	14,601	3,238	3,858	21,697
Other types of expenses	-0-	-0-	-0-	5,481	5,481	1,117	1,460	8,058
Promotional expenses	-0-	-0-	-0-	16,487	16,487	3,450	4,390	24,327
Payroll expenses	-0-	-0-	-0-	241,555	241,555	48,377	61,560	351,492
Travel and meetings	982	-0-	-0-	24,022	25,004	5,026	6,396	36,426
Depreciation	33,607	-0-	-0-	-0-	33,607	-0-	-0-	33,607
Program expenses	<u>284,014</u>	<u>82,707</u>	<u>11,825</u>	<u>28,896</u>	<u>407,442</u>	<u>5,700</u>	<u>7,254</u>	<u>420,396</u>
	<u>\$ 326,865</u>	<u>\$ 82,707</u>	<u>\$ 11,825</u>	<u>\$ 397,648</u>	<u>\$ 819,045</u>	<u>\$ 81,857</u>	<u>\$ 103,498</u>	<u>\$ 1,004,400</u>