

CONSOLIDATED FINANCIAL STATEMENTS

**GLOBALGIVING FOUNDATION, INC.
AND SUBSIDIARY**

**FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED CONSOLIDATED
FINANCIAL INFORMATION FOR 2020**

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
GlobalGiving Foundation, Inc. and Subsidiary
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of the GlobalGiving Foundation, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the GlobalGiving Foundation, Inc. and Subsidiary as of December 31, 2021, and the consolidated change 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.

We did not audit the financial statements of GlobalGiving, UK, whose statements reflect total assets of \$1,738,265, as of December 31, 2021, and total support and revenues of \$4,755,887 for the year then ended. Those statements, which were prepared in accordance with generally accepted accounting principles in the United Kingdom (United Kingdom GAAP), were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for GlobalGiving, UK prior to these conversion adjustments is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GlobalGiving Foundation, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GlobalGiving Foundation, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GlobalGiving Foundation, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the GlobalGiving Foundation, Inc. and Subsidiary's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



September 2, 2022

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 45,932,337	\$ 49,041,943
Investments	-	2,624,239
Accounts and pledges receivables	5,413,428	3,170,562
Grants receivable	-	300,000
Prepaid expenses and other assets	<u>321,716</u>	<u>282,013</u>
Total current assets	<u>51,667,481</u>	<u>55,418,757</u>
FIXED ASSETS		
Fixed assets, net of accumulated depreciation and amortization of \$202,098 and \$1,187,511 for 2021 and 2020, respectively	<u>260,850</u>	<u>352,277</u>
OTHER ASSETS		
Other assets - Trademark	311,487	311,487
Right-of-use asset	<u>7,809,149</u>	<u>-</u>
Total other assets	<u>8,120,636</u>	<u>311,487</u>
TOTAL ASSETS	<u>\$ 60,048,967</u>	<u>\$ 56,082,521</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 321,908	\$ -
Operating lease liability	888,767	-
Loan payable	-	880,000
Accounts payable and accrued expenses	513,852	168,584
Accrued payroll liabilities	208,684	112,161
Project distributions payable	935,799	838,304
Deferred revenue	836,670	394,337
Deferred rent	-	281,264
Other current liabilities	<u>4,006</u>	<u>4,006</u>
Total current liabilities	<u>3,709,686</u>	<u>2,678,656</u>
NON-CURRENT LIABILITIES		
Deferred rent, net of current portion	-	224,335
Operating lease liability, net of current portion	<u>7,427,056</u>	<u>-</u>
Total liabilities	<u>11,136,742</u>	<u>2,902,991</u>
NET ASSETS		
Without donor restrictions	10,405,231	10,321,068
With donor restrictions	<u>38,506,994</u>	<u>42,858,462</u>
Total net assets	<u>48,912,225</u>	<u>53,179,530</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 60,048,967</u>	<u>\$ 56,082,521</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants	\$ 1,479,926	\$ 375,022	\$ 1,854,948	\$ 2,322,419
Project contributions	5,672,936	89,791,498	95,464,434	106,281,708
Professional services	4,429,659	-	4,429,659	4,579,264
Investment (loss) income, net of fees	(16,828)	-	(16,828)	61,226
Interest income	4,808	-	4,808	22,328
Other revenue	176,537	-	176,537	103,039
Net assets released from donor restrictions	<u>94,509,479</u>	<u>(94,509,479)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>106,256,517</u>	<u>(4,342,959)</u>	<u>101,913,558</u>	<u>113,369,984</u>
EXPENSES				
Program Expenses	99,322,132	-	99,322,132	97,193,630
Management and General	7,437,422	-	7,437,422	4,845,575
Fundraising	<u>286,294</u>	<u>-</u>	<u>286,294</u>	<u>347,663</u>
Total expenses	<u>107,045,848</u>	<u>-</u>	<u>107,045,848</u>	<u>102,386,868</u>
Change in net assets before other item	<u>(789,331)</u>	<u>(4,342,959)</u>	<u>(5,132,290)</u>	<u>10,983,116</u>
OTHER ITEM				
Extinguishment of debt	880,000	-	880,000	-
Currency exchange rate gain	<u>(6,506)</u>	<u>(8,509)</u>	<u>(15,015)</u>	<u>39,765</u>
Total other items	<u>873,494</u>	<u>(8,509)</u>	<u>864,985</u>	<u>39,765</u>
Change in net assets	84,163	(4,351,468)	(4,267,305)	11,022,881
Net assets at beginning of year	<u>10,321,068</u>	<u>42,858,462</u>	<u>53,179,530</u>	<u>42,156,649</u>
NET ASSETS AT END OF YEAR	<u>\$ 10,405,231</u>	<u>\$ 38,506,994</u>	<u>\$ 48,912,225</u>	<u>\$ 53,179,530</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2020

	2021			2020
	Program Expenses	Management and General	Fundraising	Total Expenses
Grant expense (Project disbursements)	\$ 93,420,610	\$ -	\$ -	\$ 93,420,610
Salary and benefits	3,819,719	4,729,134	163,278	8,712,131
Professional fees	868,678	908,218	61,600	1,838,496
Systems, domains and connectivity	336,938	427,338	16,984	781,260
Rent	163,259	208,885	8,302	380,446
Other expenses	271,559	346,140	13,755	631,454
Legal	-	254,751	-	254,751
Depreciation and amortization	35,231	45,077	1,792	82,100
Meetings and conventions	43,129	55,182	2,193	100,504
Travel	7,411	9,482	377	17,270
Insurance	22,756	29,115	1,157	53,028
Subscriptions and publications	11,498	14,711	585	26,794
Office supplies, printing and reproduction	23,380	28,955	1,151	53,486
Equipment	297,964	380,434	15,120	693,518
Field services	-	-	-	-
TOTAL	\$ 99,322,132	\$ 7,437,422	\$ 286,294	\$ 107,045,848
				\$ 102,386,868

See accompanying notes to consolidated financial statements.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,267,305)	\$ 11,022,881
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	82,100	119,941
Loss on disposal of fixed assets	191,341	-
Change in measurement of operating lease	506,674	-
Donated securities	(624,531)	(280,831)
Realized and unrealized loss (gain) on investments	48,788	(22,304)
Extinguishment of debt	(880,000)	-
(Increase) decrease in:		
Accounts and pledges receivable	(2,242,866)	(1,759,586)
Grants receivable	300,000	(285,000)
Prepaid expenses and other assets	(39,703)	(189,242)
Increase (decrease) in:		
Accounts payable and accrued expenses	345,268	(116,614)
Accrued payroll liabilities	96,523	31,770
Project distributions payable	97,495	115,129
Deferred revenue	442,333	86,919
Deferred rent	(505,599)	(24,596)
Other current liabilities	-	(1,661)
Net cash (used) provided by operating activities	<u>(6,449,482)</u>	<u>8,696,806</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(182,014)	(51,735)
Purchase of investments	(22,982)	(38,522)
Sales of investments	<u>3,222,964</u>	<u>280,831</u>
Net cash provided by investing activities	<u>3,017,968</u>	<u>190,574</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	-	880,000
Proceeds from line of credit	325,000	-
Payments on line of credit	<u>(3,092)</u>	<u>-</u>
Net cash provided by financing activities	<u>321,908</u>	<u>880,000</u>
Net (decrease) increase in cash and cash equivalents	(3,109,606)	9,767,380
Cash and cash equivalents at beginning of year	<u>49,041,943</u>	<u>39,274,563</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 45,932,337</u>	<u>\$ 49,041,943</u>
SUPPLEMENTAL INFORMATION		
Taxes Paid	<u>\$ -</u>	<u>\$ 130</u>
Right-of-Use Asset	<u>\$ 8,109,479</u>	<u>\$ -</u>
Operating Lease Liability or Right-of-Use Asset	<u>\$ 8,171,770</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

The GlobalGiving Foundation, Inc. (the Foundation) helps U.S. and non-U.S. based entities access philanthropic capital by making the connections between donors and implementers of charitable programs more efficient, more transparent, and therefore more likely. By providing a secure and transparent environment for giving, the Foundation simultaneously fosters social innovation by enabling new and unproven ideas to have a chance at success, and enables individuals and corporations to maximize their global philanthropy. The Foundation functions as a charitable, not-for-profit, non-stock corporation and has one class of voting members, which comprise the Board of Directors, consisting of ten members. The affairs and management of the Foundation are under the control of the Board of Directors.

GlobalGiving UK (GG UK) is an England and Wales registered charity under the English law and is limited by guarantee. GG UK's charitable objectives are to advance any purpose which is deemed to be exclusively charitable under English law. GG UK's principal activity is working in partnership with GlobalGiving Foundation, Inc. in supporting the platform globalgiving.org which enables individuals, companies, and foundations to support a range of vetted charitable projects from all over the world. Donors to a specific project are automatically updated with the latest progress reports, therefore able to see the direct impact on the communities concerned. Included in the consolidated accompanying financial statements are the amounts from financial statements for GG UK, which were audited by other auditors, whose reports have been furnished to the Foundation.

Principles of consolidation -

The accompanying consolidated financial statements reflect the activities of the GlobalGiving Foundation, Inc. and Subsidiary for the year ended December 31, 2021. The financial statements of the Foundation and GG UK are in accordance with FASB Accounting Standards Codification (ASC) 958-810, *Not-for-Profit Entities, Consolidation*. The Foundation is the sole company law member of GG UK, and as such, it has the right to change GG UK's constitution (known as its Memorandum and Articles of Association) and to appoint and remove trustees of GG UK. All intercompany transactions have been eliminated during consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions (continued)** - When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the GlobalGiving Foundation, Inc. and Subsidiary's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2021, the Foundation early adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements. The Foundation applied the new standard at the inception of a new lease that began in 2021 and also the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See note 10 for further details.

Cash and cash equivalents -

The GlobalGiving Foundation, Inc. and Subsidiary consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Foundation receives website donations designated to over 7,500 pre-screened projects and makes remittances to those organizations as appropriate. These funds are segregated from the Foundation's other funds and as of December 31, 2021, totaled \$41,241,207.

At December 31, 2021, the Foundation had \$1,376,472 of cash and cash equivalents held at financial institutions in foreign countries. The majority of funds held in foreign countries is uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid by external investment advisors in the accompanying Consolidated Statement of Activities and Change in Net Assets.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Investments (continued) -

Investments acquired by gift are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift.

Accounts, pledges, and grants receivable -

Accounts and pledges receivables are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. Pledges receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and gifts revenue.

Grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as deferred revenue.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2021 totaled \$82,100.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Consolidated Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

The Foundation -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. The Foundation is not a private foundation.

GlobalGiving UK -

GG UK is exempt from United Kingdom income tax and corporation tax, provided that the money is used solely for charitable purposes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

Uncertain tax positions -

For the year ended December 31, 2021, the GlobalGiving Foundation, Inc. and Subsidiary have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Project distributions payable -

Project distributions payable represent funds collected by GlobalGiving UK that are transferred to the Foundation to be disbursed to various charitable organizations. The revenue and expense are recorded within GlobalGiving UK's income statement and the Foundation serves as a pass-through organization.

Contributions and grants -

The majority of the Foundation's revenue is received through contributions and grants. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution, grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants and contracts qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Contributions and grants agreements qualifying as conditional contributions contain a right of return and a barrier. As such, the Foundation recognizes revenue for these conditional contributions when the related barrier has been overcome. For contributions and grants treated as contributions, the Foundation had approximately \$1,778,560 in unrecognized conditional awards as of December 31, 2021.

Contracts classified as exchange transactions for professional services follow ASU 2014-09, *Revenue from Contracts With Customers*, and record revenue when the performance obligations are met. The Foundation has elected to opt out of all (or certain) disclosures not required for nonpublic entities. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements. Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant and contract agreements. Funding received in advance of incurring the related expenses is recorded as deferred revenue.

The Foundation recognizes management fees on a pro-rata basis over the annual management period. The Foundation recognizes setup fees when the services are performed. Revenue recognized for these fees are included in professional services on the Consolidated Statement of Activities and Change in Net Assets.

Foreign currency translation -

The U.S. Dollar (Dollars) is the functional currency for the Foundation's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into Dollars.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Foreign currency translation (continued) -

Current assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the Consolidated Statement of Financial Position. Fluctuations in currency are reported on the Consolidated Statement of Activities and Change in Net Assets as (loss) income and included in contributions.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Foundation are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

The GlobalGiving Foundation, Inc. and Subsidiary depend primarily on donations and grants to carry on their charitable activities; consequently, any change in giving patterns would affect the GlobalGiving Foundation, Inc. and Subsidiary's ability to fund their operations.

Fair value measurements -

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

New accounting pronouncement not yet adopted (continued) -

Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

The Foundation plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

2. FIXED ASSETS

Fixed assets consisted of the following for the year ended December 31, 2021:

Furniture, fixtures and computers	\$ 284,489
Software	<u>178,459</u>
Subtotal	462,948
Less: Accumulated depreciation and amortization	<u>(202,098)</u>
FIXED ASSETS, NET	<u>\$ 260,850</u>

3. LOAN PAYABLE

On April 20, 2020, the Foundation received loan proceeds in the amount of \$880,000 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first ten months after the last day of the covered period. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. The Foundation used the proceeds for purposes consistent with the Paycheck Protection Program. The Foundation was granted forgiveness on June 21, 2021. Accordingly, \$880,000 of extinguishment of debt is included as an "Other Item" on the accompanying Consolidated Statement of Activities and Change in Net Assets.

4. LINE OF CREDIT

The Foundation has a \$325,000 bank line of credit. Amounts borrowed under this agreement bear interest at a rate of 3.50% and matures on May 21, 2028. As of December 31, 2021, there was an outstanding balance totaling \$321,908. The line is secured by cash held in accounts at the same financial institution.

5. NET ASSETS WITH DONOR RESTRICTIONS

The GlobalGiving Foundation, Inc. and Subsidiary's net assets with donor restrictions are mostly comprised of donations received that will be used to provide benefits to specific charitable projects and have not yet been distributed to the sponsoring organizations.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to expenditure for specified purpose:	
Foundation projects	\$ 37,756,262
Guarantee reserve	4,467
GG UK projects	<u>746,265</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 38,506,994</u>
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6. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Foundation project distributions	\$ 90,171,295
GG UK projects	<u>4,338,184</u>

TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 94,509,479</u>
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7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 45,932,337
Accounts and pledges receivables	<u>5,413,428</u>
Subtotal financial assets available within one year	51,345,765
Less: Donor restricted funds	<u>(38,506,994)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 12,838,771</u>
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The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation defines operating expenses as total expenses less grant expenses, expenses required to satisfy restricted revenue, and less short-term extraordinary expenditure developmental initiatives. The Foundation invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Foundation also could draw upon \$325,000 of available line of credit (as further discussed in Note 4).

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

8. COMMITMENTS

Outsourced Services - The Foundation contracts with Insperity as a full-service, outsourced human resources provider for the Foundation. The agreement will remain in effect until terminated. Either party may cancel this Agreement at any time by giving the other party thirty (30) days prior written notice.

9. RETIREMENT PLAN

The Foundation established the GlobalGiving Foundation, Inc. 401(k) Plan for the exclusive benefit of all eligible employees and their beneficiaries. To be eligible to make a salary deferral contribution and to receive a matching contribution, an employee must have completed a minimum of three months of service with 160 hours in each month.

Each year, at the Foundation's discretion, a match may be a discretionary percentage allocated proportionate to an employee salary deferrals, flat dollar amount, or tiered formula, as the Foundation elects each year. The safe harbor contribution will be a match of 100% of the first 3% of salary deferral plus 50% of the next 2% of salary deferral. The total safe harbor match for the year ended December 31, 2021 was \$196,280.

Additionally, the Foundation, at its discretion, may make a profit sharing contribution to the Plan. To be eligible to receive an allocation of the discretionary employer profit sharing contributions an employee must complete 1,000 hours of service during the Plan year and be employed the last day of the Plan year. The Foundation did not make a profit sharing contribution for the year ended December 31, 2021.

10. LEASE COMMITMENT

In 2014, the Foundation entered into a lease agreement for office space. The lease commenced on August 1, 2014 and terminates on July 31, 2024. Base rent is \$26,971 per month, with annual set escalations, plus a proportionate share of expenses. The Foundation terminated the lease effective July 31, 2021.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Consolidated Statement of Financial Position.

In 2020, the Foundation entered into a lease agreement for new office space. The lease commenced on July 1, 2021 and terminates on December 31 2032. Base rent is \$74,460 per month, with annual set escalations, plus a proportionate share of operating expenses.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements. During 2021, the Foundation elected to early implement the ASU and elected the practical expedient package to not reassess at adoption expired or existing contracts for whether they are or contain a lease, the lease classification of any existing leases or initial indirect costs for existing leases. The Foundation also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes.

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10. LEASE COMMITMENT (Continued)

The Foundation adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, the Foundation recorded a right-of-use asset in the amount of \$8,109,479. The Foundation recorded an operating lease liability in the amount of \$8,171,770 by calculating the present value using the discount rate of 3.5%.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,

2022	\$ -
2023	821,374
2024	950,497
2025	974,259
2026	998,616
Thereafter	<u>6,538,367</u>
	10,283,113
Less: Imputed interest	<u>(1,967,290)</u>
	8,315,823
Less: Current portion	<u>(888,767)</u>
LONG-TERM PORTION	<u>\$ 7,427,056</u>

Lease expense, net of cash incentive of \$225,000 for the year ended December 31, 2021 totaled \$380,446, which is included in rent expense on the accompanying Consolidated Statement of Functional Expenses.

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the GlobalGiving Foundation, Inc. and Subsidiary have evaluated events and transactions for potential recognition or disclosure through September 2, 2022, the date the consolidated financial statements were issued.