

CONSOLIDATED FINANCIAL STATEMENTS

**GLOBALGIVING FOUNDATION, INC.
AND SUBSIDIARY**

**FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED CONSOLIDATED
FINANCIAL INFORMATION FOR 2021**

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 4
EXHIBIT A - Consolidated Statement of Financial Position, as of December 31, 2022, with Summarized Consolidated Financial Information for 2021	5
EXHIBIT B - Consolidated Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2022, with Summarized Consolidated Financial Information for 2021	6
EXHIBIT C - Consolidated Statement of Functional Expenses, for the Year Ended December 31, 2022, with Summarized Consolidated Financial Information for 2021	7
EXHIBIT D - Consolidated Statement of Cash Flows, for the Year Ended December 31, 2022, with Summarized Consolidated Financial Information for 2021	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9 - 18



CPAs & ADVISORS

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, 2022, 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 consolidated financial position of the GlobalGiving Foundation, Inc. and Subsidiary as of December 31, 2022, 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 \$2,172,005, as of December 31, 2022, and total support and revenues of \$6,493,976 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. We have applied audit procedures on the conversion adjustments to the financial statements of GlobalGiving, UK, which conform those financial statements to accounting principles generally accepted in the United States of America. 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 and Government Auditing Standards, issued by the Comptroller General of the United States. 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
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 and *Government 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 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023, on our consideration of Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Foundation's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation's internal control over financial reporting and compliance.

Gelman Rosenberg & Friedman

September 27, 2023

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2021

ASSETS			
		<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	86,621,065	\$ 45,932,337
Investments		3,992,103	-
Accounts receivable		1,281,577	1,301,173
Grants and contributions receivable		1,861,541	4,112,255
Prepaid expenses and other assets		<u>352,978</u>	<u>321,716</u>
Total current assets		<u>94,109,264</u>	<u>51,667,481</u>
FIXED ASSETS, NET		<u>475,880</u>	<u>260,850</u>
OTHER ASSETS			
Other assets - Trademark		311,487	311,487
Right-of-use asset, net		<u>7,216,149</u>	<u>7,809,149</u>
Total other assets		<u>7,527,636</u>	<u>8,120,636</u>
TOTAL ASSETS	\$	<u>102,112,780</u>	<u>\$ 60,048,967</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Line of credit	\$	276,536	\$ 321,908
Operating lease liability		529,075	888,767
Accounts payable and accrued expenses		1,218,813	513,852
Accrued payroll liabilities		248,977	208,684
Project distributions payable		623,532	935,799
Deferred revenue		978,014	836,670
Other current liabilities		<u>4,006</u>	<u>4,006</u>
Total current liabilities		<u>3,878,953</u>	<u>3,709,686</u>
NON-CURRENT LIABILITIES			
Operating lease liability, net of current portion		<u>8,082,517</u>	<u>7,427,056</u>
Total liabilities		<u>11,961,470</u>	<u>11,136,742</u>
NET ASSETS			
Without donor restrictions		15,551,904	10,405,231
With donor restrictions		<u>74,599,406</u>	<u>38,506,994</u>
Total net assets		<u>90,151,310</u>	<u>48,912,225</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>102,112,780</u>	<u>\$ 60,048,967</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants	\$ 2,698,092	\$ -	\$ 2,698,092	\$ 1,854,948
Project contributions	12,616,905	138,070,821	150,687,726	95,464,434
Professional services	4,713,397	-	4,713,397	4,605,735
Investment income (loss), net of fees	14,956	-	14,956	(16,828)
Interest income	536,085	-	536,085	4,808
Other revenue	36,040	-	36,040	461
Net assets released from donor restrictions	<u>101,911,227</u>	<u>(101,911,227)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>122,526,702</u>	<u>36,159,594</u>	<u>158,686,296</u>	<u>101,913,558</u>
EXPENSES				
Program Expenses	108,484,436	-	108,484,436	99,322,132
Management and General	8,516,359	-	8,516,359	7,437,422
Fundraising	<u>300,020</u>	<u>-</u>	<u>300,020</u>	<u>286,294</u>
Total expenses	<u>117,300,815</u>	<u>-</u>	<u>117,300,815</u>	<u>107,045,848</u>
Change in net assets before other items	<u>5,225,887</u>	<u>36,159,594</u>	<u>41,385,481</u>	<u>(5,132,290)</u>
OTHER ITEMS				
Extinguishment of debt	-	-	-	880,000
Currency exchange rate gain	<u>(79,214)</u>	<u>(67,182)</u>	<u>(146,396)</u>	<u>(15,015)</u>
Total other items	<u>(79,214)</u>	<u>(67,182)</u>	<u>(146,396)</u>	<u>864,985</u>
Change in net assets	5,146,673	36,092,412	41,239,085	(4,267,305)
Net assets at beginning of year	<u>10,405,231</u>	<u>38,506,994</u>	<u>48,912,225</u>	<u>53,179,530</u>
NET ASSETS AT END OF YEAR	<u>\$ 15,551,904</u>	<u>\$ 74,599,406</u>	<u>\$ 90,151,310</u>	<u>\$ 48,912,225</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2021

	2022			2021
	Program Expenses	Management and General	Fundraising	Total Expenses
Grant expense (project disbursements)	\$ 101,071,720	\$ -	\$ -	\$ 101,071,720
Salary and benefits	4,460,368	5,288,367	171,179	9,919,914
Professional fees	1,538,427	1,131,973	64,138	2,734,538
Systems, domains and connectivity	419,745	536,883	19,523	976,151
Lease expense	390,078	498,936	18,143	907,157
Other expense	327,109	417,085	15,167	759,361
Legal	-	316,684	-	316,684
Travel	92,278	92,223	3,354	187,855
Meetings and conventions	54,141	69,251	2,518	125,910
Equipment	39,763	48,808	1,775	90,346
Insurance	34,000	43,488	1,581	79,069
Depreciation and amortization	20,979	26,834	976	48,789
Subscriptions and publications	18,328	23,443	852	42,623
Office supplies, printing and reproduction	17,500	22,384	814	40,698
TOTAL	\$ 108,484,436	\$ 8,516,359	\$ 300,020	\$ 117,300,815

\$ 107,045,848

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,239,085	\$ (4,267,305)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	48,789	82,100
Loss on disposal of fixed assets	-	191,341
Donated securities	(667,631)	(624,531)
Gain on lease termination	-	(505,599)
Realized and unrealized (gain) loss on investments	(7,048)	48,788
Amortization of right-of-use asset	593,000	300,330
Extinguishment of debt	-	(880,000)
Decrease (increase) in:		
Accounts receivable	19,596	(725,934)
Grants and contributions receivable	2,250,714	(1,216,932)
Prepaid expenses and other assets	(31,262)	(39,703)
Increase (decrease) in:		
Accounts payable and accrued expenses	704,961	345,268
Accrued payroll liabilities	40,293	96,523
Project distributions payable	(312,267)	97,495
Deferred revenue	141,344	442,333
Operating lease liability	<u>295,769</u>	<u>206,344</u>
Net cash provided (used) by operating activities	<u>44,315,343</u>	<u>(6,449,482)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(263,819)	(182,014)
Purchase of investments	(5,690,746)	(22,982)
Sales of investments	<u>2,373,322</u>	<u>3,222,964</u>
Net cash (used) provided by investing activities	<u>(3,581,243)</u>	<u>3,017,968</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	325,000
Payments on line of credit	<u>(45,372)</u>	<u>(3,092)</u>
Net cash (used) provided by financing activities	<u>(45,372)</u>	<u>321,908</u>
Net increase (decrease) in cash and cash equivalents	40,688,728	(3,109,606)
Cash and cash equivalents at beginning of year	<u>45,932,337</u>	<u>49,041,943</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 86,621,065</u>	<u>\$ 45,932,337</u>
SUPPLEMENTAL INFORMATION		
Right-of-Use Asset	<u>\$ -</u>	<u>\$ 8,109,479</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ -</u>	<u>\$ 8,171,770</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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 fourteen 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 the 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, 2022. 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, 2022

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, 2021, from which the summarized information was derived.

New accounting pronouncements adopted -

During the year ended December 31, 2022, the Foundation adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. 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 Update 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 was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

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 8,000 pre-screened projects and makes remittances to those organizations as appropriate. These funds are considered restricted cash and are segregated from the Foundation's other funds. As of December 31, 2022 restricted cash totaled \$78,505,321.

At December 31, 2022, the Foundation had \$1,147,180 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 (loss), 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, 2022**

**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 receivable -

Accounts receivable primarily consists of revenue from contracts with customers which have initial terms of one year or less. Accounts receivable are expected to be collected within one year and 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.

Grants and contributions receivable -

Grants and contributions receivable consists of donations and U.S. Government grants (federal awards) receivable. Grants and contributions receivable are expected to be collected within one year and 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.

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, 2022 totaled \$48,789.

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.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Uncertain tax positions -

For the year ended December 31, 2022, 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.

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. The Foundation also receives U.S. Government 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 \$991,000 in unrecognized conditional awards as of December 31, 2022.

Professional services -

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

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Professional services (continued) -

Deferred revenue consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Advances for future donations	\$ 397,843	\$ 357,000
Program management fees	537,981	405,225
License agreement	<u>42,190</u>	<u>74,445</u>
TOTAL DEFERRED REVENUE	<u>\$ 978,014</u>	<u>\$ 836,670</u>

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. 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 income (loss) 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.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

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 -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Foundation for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

2. INVESTMENTS

Following is a description of the valuation methodology used for investments measured at fair value. There were no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2022.

Transfers between levels are recorded at the end of the reporting period, if applicable.

- *U.S. Treasuries* - Valued at the closing price reported in the active market in which the individual securities are traded.
- *U.S. Agency Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. INVESTMENTS (Continued)

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2022.

Asset Class:	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ 470,919	\$ -	\$ -	\$ 470,919
U.S. Agency bonds	-	1,836,341	-	1,836,341
Certificates of deposit	-	1,684,843	-	1,684,843
TOTAL INVESTMENTS	\$ <u>470,919</u>	\$ <u>3,521,184</u>	\$ <u>-</u>	\$ <u>3,992,103</u>

Included in investment income are the following:

Interest and dividends, net	\$ 7,908
Realized gain	<u>7,048</u>
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	\$ <u>14,956</u>

3. FIXED ASSETS

Fixed assets consisted of the following for the year ended December 31, 2022:

Furniture, fixtures and computers	\$ 284,490
Software	<u>442,276</u>
Subtotal	726,766
Less: Accumulated depreciation and amortization	<u>(250,886)</u>
FIXED ASSETS, NET	\$ <u>475,880</u>

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, 2022, there was an outstanding balance totaling \$276,536. 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, 2022

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consist of the following at December 31, 2022:

Subject to expenditure for specified purpose:	
Foundation projects	\$ 73,427,736
Guarantee reserve	4,467
GG UK projects	<u>1,167,203</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 74,599,406</u>

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	\$ 95,713,502
GG UK projects	<u>6,197,725</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 101,911,227</u>

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	\$ 86,621,065
Investments	3,992,103
Accounts receivable	1,281,577
Grants and contributions receivable	<u>1,861,541</u>
Subtotal financial assets available within one year	93,756,286
Less: Donor restricted funds	<u>(74,599,406)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 19,156,880</u>

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, 2022**

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, 2022 was \$242,204.

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.

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.

During 2021, the Foundation elected to early implement ASU 2019-01, *Leases* (Topic 842), 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. 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,

2023	\$ 821,374
2024	950,497
2025	974,259
2026	998,616
2027	1,023,581
Thereafter	<u>5,514,786</u>
	10,283,113
Less: Imputed interest	<u>(1,671,521)</u>
	8,611,592
Less: Current portion	<u>(529,075)</u>
LONG-TERM PORTION	<u>\$ 8,082,517</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

10. LEASE COMMITMENT (Continued)

Lease expense for the year ended December 31, 2022 totaled \$907,157.

11. CONTINGENCY

The Foundation receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

12. 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 27, 2023, the date the consolidated financial statements were issued.