

**THE GOOD NATION FOUNDATION, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
(SEE INDEPENDENT AUDITORS' REPORT)**

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Good Nation Foundation, Inc.

Opinion

We have audited the accompanying financial statements of The Good Nation Foundation, Inc (a nonprofit organization), which comprise the statement of financial position as of December 31st, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Good Nation Foundation, Inc as of December 31st, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Financial Statements section of our report. We are required to be independent of The Good Nation Foundation, Inc. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Good Nation Foundation, Inc'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Good Nation Foundation, Inc'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.

Melville, NY

November 15, 2022



Certified Public Accountants

THE GOOD NATION FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,083,069
Contributions Receivable	1,022,879
Total Current Assets	2,105,948
Total Assets	\$ 2,105,948

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 441,314
Grants Payable	1,970,019
Notes Payable, current	-
Total Current Liabilities	2,411,333

Long Term Liabilities	
Notes Payable, long term	11,247
Total Long Term Liabilities	11,247

Total Liabilities	2,422,580
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Net Assets

Without donor restrictions	(415,132)
With donor restrictions	98,500
Total Net Assets	(316,632)
Total Liabilities & Net Assets	\$ 2,105,948

REPORT AND NOTES TO FINANCIAL STATEMENTS

THE GOOD NATION FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Grants and Contributions	\$ 1,248,026	\$ 8,310,532	\$ 9,558,558
Investment Income	412	-	412
Net assets released from restrictions	317,027	(317,027)	-
Total Revenues and support	1,565,465	7,993,505	9,558,970
Operating Expenses:			
Program Services	1,372,760	7,895,005	9,267,765
Management and General Fundraising	252,488	-	252,488
Fundraising	66,171	-	66,171
Total Operating Expenses	1,691,419	7,895,005	9,586,424
Change in net assets	(125,954)	98,500	(27,454)
Net assets, beginning of year	(289,178)	-	(289,178)
Net assets, end of year	\$ (415,132)	\$ 98,500	\$ (316,632)

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

THE GOOD NATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Supporting Activities

Total Expenses	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Grants	\$ 7,536,975	\$ -	\$ -	\$ -	\$ 7,536,975
Donations	500,000	-	-	-	500,000
Advisor Fees	1,230,790	217,903	66,171	284,074	1,514,864
Professional Fees	-	10,153	-	10,153	10,153
Insurance	-	728	-	728	728
Miscellaneous	-	23,704	-	23,704	23,704
Total Expenses	\$ 9,267,765	\$ 252,488	\$ 66,171	\$ 318,659	\$ 9,586,424

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

THE GOOD NATION FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities

Change in Net Assets \$ (27,454)

Adjustments to Reconcile Net Assets to Net Cash

Provided (Used) by Operating Activities:

Change in assets and liabilities	(975,879)
(Decrease) in Contributions and Grants Receivable	122,325
Increase in Accounts Payable	448
Increase in Notes Payable, Long term	1,913,701
Increase in Grants Payable	<u>1,913,701</u>

Net Cash Provided by Operating Activities 1,033,141

Cash Flows from Investing Activities:

Net Cash (Used) in Investing Activities -

Cash Flows from Financing Activities

Net Cash Provided by Financing Activities -

Net Increase in Cash and Cash Equivalents 1,033,141

Cash and Cash Equivalents - Beginning of Year 49,928

Cash and Cash Equivalents - End of Year \$ 1,083,069

Supplemental Cash Flow Information

Donated Securities	150,549
In kind Donations	500,000

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

THE GOOD NATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 **Nature of Operations**

The Good Nation Foundation, Inc. (The Organization) was established in 2017. Its primary purpose is to attract, manage, and disburse funds for philanthropic purposes to organizations.

Note 2 **Summary of Significant Accounting Policies**

A summary of the major accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting

The Organization prepares its financial statements on the accrual basis in conformity with generally accepted accounting principles.

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- Without donor restrictions – net assets that are not subject to donor-imposed restrictions or the donor restrictions have expired. Undesignated net assets without donor-imposed restrictions for the year ended December 31st, 2021 are (\$415,131).

- With donor restrictions – net assets that are subject to donor-imposed restrictions. These include net assets that are subject to time or purpose restrictions and donor restricted endowments. Assets with time or purpose restrictions are satisfied either by the passage of time or by actions of the Organization. Donor restricted endowments must be maintained permanently by the Organization and only the income may be used as specified by the donor. Net assets with donor restrictions for the year ended December 31st, 2021 are \$98,500.

Revenue is reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. If an expense is incurred for a purpose for which net assets with donor restrictions are available, a donor-imposed restriction is fulfilled to the extent of the expense incurred. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as a release from restrictions in the statement of activities.

Recently Issued Accounting Standards

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02 (“ASU 2016-02”), *Leases for both lessees and lessors*. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. Consistent with current Generally Accepted Accounting Principles (“GAAP”), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the statement of financial position, the new ASU will require both types of leases to be recognized on the statement of financial position. ASU 2016-02 will take effect for all nonpublic entities for fiscal years beginning after December 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

THE GOOD NATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 **Summary of Significant Accounting Policies (continued)**

Recently Adopted Accounting Pronouncements

During 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09 (“ASU-2014-09”), *Revenue from Contracts with Customers* (ASC 606). The effective date for this Standard for nonpublic entities is annual reporting periods beginning after December 15, 2018, with early adoption permitted for annual periods beginning after December 15, 2016. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with specific customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition depict the transfer of promised goods or services to customers in an amount that reflects consideration an organization expects to receive in exchange for those goods or services.

During 2020, the Organization adopted the Financial Accounting Standards Board issued Accounting Standards Update 2018-08 (“ASU 2018-08”), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

During 2020, the Organization adopted the Financial Accounting Standards Board issued Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash* (ASU 2016-18) to reduce diversity in practice by providing guidance on presentation or restricted cash within the cash flow statement. The ASU requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents (collectively, restricted cash). The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the statement of financial position and the statement of cash flows.

During 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-For-Profits Entities* (ASU 2016-14). ASU 2016-14 reduces the number of assets from three to two: net assets without donor-imposed restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets and permanently restricted net assets. Additionally, a main provision of this guidance includes recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also expands the quantitative and qualitative disclosures regarding liquidity and availability of resources and requires expenses to be reported by both their natural and functional classification in one location.

Cash and Cash Equivalents

Cash and cash equivalents for these financial statements comprise of cash in banks, cash on hand, and debt instruments with original maturities of three months or less.

THE GOOD NATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 **Summary of Significant Accounting Policies (continued)**

Tax Status

The Good Nation Foundation, Inc. is classified as a 501(c)(3) Organization and is exempt from Federal Income Tax purposes under Section 501(a) of the Internal Revenue Code. The Organization is exempt from New York State Income taxes under a similar provision of the New York State income tax laws.

Revenue Recognition

All revenues are recorded in accordance with ASC 606, Revenue from Contracts with Customers, which is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time or at a point in time.

Contributions

Contributions which include unconditional promise to give (pledges), are recognized as revenues in the period received or promised. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for a particular program, time, or other purpose, in which case the contribution revenue is reported in the donor restricted net asset class. As donor restrictions are met, the net assets are released from restriction in the statement of activities. Donor-restricted contributions are initially reported in the with donor restriction net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises that are expected to be collected in future years are recorded initially at fair value, giving consideration to estimated future cash flows and a risk adjusted interest rate.

In-Kind Contributions

In-kind contributions are reflected in the accompanying financial statements at their estimated fair market value.

Grants Payable

Grant Expense is recognized in the period the grant is approved by management, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at their present value of expected future payments. At December 31st, 2021,

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE GOOD NATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 Summary of Significant Accounting Policies (continued)

Restricted Cash

Restricted cash represents cash held for various restricted purposes.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs for the year ended December 31st, 2021 was \$0.

Functional Expenses

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting activity are reported accordingly. Other expenses that are common to several functions are allocated by various statistical bases which attribute the cost to functional categories. Statistical bases utilized estimated time and effort supporting other functions.

Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the statement of activities. Interest income is recorded on an accrual basis.

NOTE 3 Fundraising Activities

The total funds raised for fiscal year 2021 were \$9,558,558. Total cost of fundraising for fiscal year 2021 was \$66,171. There was a 144 : 1 ratio of funds raised to fundraising costs.

NOTE 4 Concentration of Credit Risk

Bank deposits are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. The Organization maintains cash and cash equivalent balances which, from time to time, may exceed the insured amounts.

NOTE 5 Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments. For purposes of analyzing resources available to meet general expenditure over a 12 month period, the Organization considers all expenditures related to its ongoing activities.

Cash and cash equivalents available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statements of financial position sheet date totals \$0.

NOTE 6 Related Party

The Organization has engaged Goodnation Philanthropy Advisors Inc., a separate and distinct for-profit entity with a common founder, to identify and advise donors on behalf of the Organization. As compensation for these services, the Organization has agreed to pay Goodnation Philanthropy Advisors, Inc. a fee equal to 5% of the donations received. The Organization has also agreed to pay Goodnation Philanthropy Advisors Inc. a fee based on the number of charities on the Organization's platform. Additionally, Goodnation Philanthropy Advisors Inc. is reimbursed by the Organization for operations and fundraising costs related to cause specific funds. Reimbursements for cause specific fund costs and compensation for services rendered by the related party for the year ended December 31st, 2021 were \$1,514,864. The amount due to the related party at December 31st, 2021 was \$441,314.

THE GOOD NATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 7 **Going Concern**

At December 31st, 2021, the Organization had a deficit in net assets of \$316,631 and payables of \$1,970,019. Management has obtained, from the related party, a waiver of their right to take any collection actions against the Organization until May 2024. The financial statements have been prepared assuming the Organization will continue as a going concern.

NOTE 8 **Covid-19**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this report, the Organization remains open. The length and severity of this pandemic, or the extent to which the disruption may materially impact the consolidated financial statements for year ended 2021 cannot be reasonably estimated. Management continues to monitor the global outbreak and spread of COVID-19 and is taking steps in an effort to identify and mitigate the adverse impacts on, and risks to, our business posed by its spread and the governmental and community reactions thereto. We continue to assess and update our business continuity plans in the context of this pandemic, including taking steps in an effort to help keep our workforces healthy and safe. The spread of COVID-19 has caused us to modify our business practices and we expect to take further actions as may be required or recommended by governmental authorities or as we determine are in the best interests of our donors and other business partners. We are working to understand the existing and future negative impacts, and to take actions in an effort to mitigate such impacts.

NOTE 9 **Notes Payable**

In July 2020, The Organization obtained an Economic Injury Disaster Loan for \$10,800 at 2.75% interest through the Small Business Administration. The first principal payment is due July 2021 and the loan matures July 7, 2050. The debt is unsecured.

The Organization was in compliance with or had obtained waivers for all related covenants as of December 31st, 2021. Principal maturities of the note during the next five years are as follows:

December 31st,

2022	\$0
2023	217
2024	226
2025	234
2026	243
Thereafter	\$10,327

NOTE 10 **Subsequent Events**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 15th, 2022, the date the financial statements were available to be issued

Monday November 14, 2022

Chelsea Jia
Treasurer
Good Nation Foundation
100 Crosby Street #301
New York, NY 10012

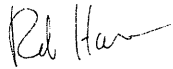
Re: 2021 Receivables

Dear Ms. Jia,

Goodnation Philanthropy Advisors, Inc. hereby waives its right to take any collection actions against Good Nation Foundation, Inc. for 18 months from the date of this letter.

Good Nation Foundation, Inc. agrees to pay Goodnation Philanthropy Advisors, Inc. the open balance of \$441,314 for 2021 payments within 18 months from the date of this letter. There will be no additional charge for this extension.

In signing this letter, Goodnation Philanthropy Advisors, Inc. and Good Nation Foundation, Inc. agree to the above terms and conditions.



Rob Hansen
President Goodnation Philanthropy Advisors, Inc.

Chelsea Jia

Chelsea Jia
Treasurer, Good Nation Foundation, Inc.