

**GOODCOIN FOUNDATION
CHARLESTON, SOUTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
GoodCoin Foundation
Charleston, South Carolina

We have audited the accompanying financial statements of GoodCoin Foundation (the Foundation) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GoodCoin Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



November 8, 2019
Charleston, South Carolina

**GOODCOIN FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 50,760	\$ 16,139
Accounts receivable, net	4,900	2,604
Total current assets	55,660	18,743
<u>Non-current Assets</u>		
Investments, at fair value	1,769,202	2,208,269
Total non-current assets	1,769,202	2,208,269
Total assets	\$ 1,824,862	\$ 2,227,012
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 732	\$ -
Grants payable	12,953	-
Total current liabilities	13,685	-
<u>Net Assets</u>		
Without donor restrictions	1,811,177	2,227,012
Total net assets	1,811,177	2,227,012
Total liabilities and net assets	\$ 1,824,862	\$ 2,227,012

See accompanying notes to the financial statements.

**GOODCOIN FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Contributions	\$ 795,868	\$ -	\$ 795,868
Administrative fees	53,718	-	53,718
Investment income (loss), net	48,732	-	48,732
	<u>898,318</u>	<u>-</u>	<u>898,318</u>
Net assets released from restriction	-	-	-
	<u>898,318</u>	<u>-</u>	<u>898,318</u>
<u>Expenses</u>			
Program services:			
Grants	1,163,671	-	1,163,671
Other program services	103,508	-	103,508
Supporting services:			
Administrative	44,474	-	44,474
Fundraising	2,500	-	2,500
	<u>1,314,153</u>	<u>-</u>	<u>1,314,153</u>
Change in net assets	(415,835)	-	(415,835)
Net assets, beginning of year	<u>2,227,012</u>	<u>-</u>	<u>2,227,012</u>
Net assets, end of year	<u>\$ 1,811,177</u>	<u>\$ -</u>	<u>\$ 1,811,177</u>

See accompanying notes to the financial statements.

**GOODCOIN FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Revenues</u>			
Contributions	\$ 2,746,592	\$ -	\$ 2,746,592
Administrative fees	89,658	-	89,658
Investment income (loss), net	(531)	-	(531)
	<u>2,835,719</u>	<u>-</u>	<u>2,835,719</u>
Net assets released from restriction	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues and net assets released from restriction	<u>2,835,719</u>	<u>-</u>	<u>2,835,719</u>
<u>Expenses</u>			
Program services:			
Grants	556,714	-	556,714
Other program services	74,283	-	74,283
Supporting services:			
Administrative	3,311	-	3,311
	<u>634,308</u>	<u>-</u>	<u>634,308</u>
Total expenses	<u>634,308</u>	<u>-</u>	<u>634,308</u>
Change in net assets	2,201,411	-	2,201,411
Net assets, beginning of year	25,601	-	25,601
	<u>25,601</u>	<u>-</u>	<u>25,601</u>
Net assets, end of year	<u>\$ 2,227,012</u>	<u>\$ -</u>	<u>\$ 2,227,012</u>

See accompanying notes to the financial statements.

**GOODCOIN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services	General and Administrative	Fundraising	Total
Professional Fees	\$ 98,689	\$ 34,290	\$ 2,500	\$ 135,479
Office Equipment and Supplies	2,506	2,645	-	5,151
Insurance	-	580	-	580
Interest & Fees	2,313	6,959	-	9,272
Grants	1,163,671	-	-	1,163,671
	<u>1,267,179</u>	<u>44,474</u>	<u>2,500</u>	<u>1,314,153</u>
Total expenses	<u>\$ 1,267,179</u>	<u>\$ 44,474</u>	<u>\$ 2,500</u>	<u>\$ 1,314,153</u>

See accompanying notes to the financial statements.

**GOODCOIN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Services	General and Administrative	Fundraising	Total
Professional Fees	\$ 64,531	\$ 2,737	\$ -	\$ 67,268
Office Equipment and Supplies	909	-	-	909
Insurance	-	574	-	574
Interest & Fees	8,843	-	-	8,843
Grants	556,714	-	-	556,714
	<u>556,714</u>	<u>-</u>	<u>-</u>	<u>556,714</u>
 Total expenses	 <u>\$ 630,997</u>	 <u>\$ 3,311</u>	 <u>\$ -</u>	 <u>\$ 634,308</u>

See accompanying notes to the financial statements.

**GOODCOIN FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ (415,835)	\$ 2,201,411
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Increase in assets:		
Accounts receivable	(2,296)	(2,604)
Increase in liabilities:		
Account payable	732	-
Accrued expenses	12,953	-
Net cash provided by (used for) operating activities	(404,446)	2,198,807
<u>Cash Flows from Investing Activities:</u>		
Proceeds from sales of investments	3,696,754	2,493,381
Purchases of investments	(3,257,687)	(4,701,650)
Net cash provided by (used for) investing activities	439,067	(2,208,269)
Net increase (decrease) in cash and cash equivalents	34,621	(9,462)
Cash and cash equivalents, beginning of year	16,139	25,601
Cash and cash equivalents, end of year	\$ 50,760	\$ 16,139

See accompanying notes to the financial statements.

GOODCOIN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

GoodCoin Foundation (the "Foundation") was established in 2015 as a nonprofit corporation in Delaware. The Foundation's mission is to provide funding and assistance to charities in their efforts to engage and encourage the next generation of philanthropists through partnerships with for-profits and for-benefit corporations. The Foundation accepts charitable contributions from donors, pools such contributions for investment management and administrative purposes, and make distributions to tax-exempt or other qualifying organizations under the Internal Revenue Code of 1986, as amended (the "Code").

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions:

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Classification of Net assets without donor restrictions

Foundation Funds

These funds are further classified as:

Discretionary Funds represent funds available for expenditure at the Board's discretion.

Donor Advised Funds represent funds given by contributors who may from time to time suggest that the Board consider a request for a particular grant distribution. The contributors may make recommendations as to which charities should receive grants. These recommendations are advisory only and are subject to the Board of Directors' approval.

Administrative Fund

This fund is used for the management and administration of the Foundation, including general, financial and development activities, legal and accounting fees, and other operating expenses.

GOODCOIN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of market risks exist for cash and cash equivalents. Cash and cash equivalents are held in major financial institutions and in the regular course of business, the Foundation may maintain operating cash balances at a bank in excess of federally insured limits. The Foundation believes it mitigates the risk of concentration by depositing at major financial institutions. The Foundation has not experienced any losses in such accounts.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. All acquisitions of property and equipment in excess of \$1,000 are capitalized.

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Investments

Investments consist of mutual funds, exchange traded funds, and debt and equity securities all carried at fair value. Investments donated to the Foundation are initially recorded at their estimated fair value on the date of gift. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost of the investments sold using the average cost of the investments sold. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Administrative Fees

Administrative fees include management fee income and support fee income transferred to the administrative fund.

Donated Assets and Services

The Foundation records the value of donated goods or services when there is an objective basis available to measure their value. The Foundation reflects donated materials and equipment as contributions in the accompanying statements at their estimated fair values at the date of receipt. Assets donated with explicit restrictions are reported as restricted contributions. Absent donor stipulations regarding the length of time such assets must be maintained, the Foundation reports expirations of donor restrictions when the asset is placed in service.

Income Taxes

The Foundation is exempt from federal income tax under Section 509(a)(1) of the IRC. The Foundation is classified by the IRS as other than a private foundation under Section 509(a)(1) and, therefore, is exempt from federal and state income taxes.

GOODCOIN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Expenses

Grants Expenses

Grants include gifts for charitable purposes and distributions to designated recipients in accordance with the intentions of the originating donor organization or individual and the Foundation's Board of Directors. Grants are recorded as expenses when they are approved by the Foundation's Board for payment.

Other Program Services

Program expenses include certain administrative, educational, and direct services provided for the benefit of other civic and not-for-profit organizations and their beneficiaries by the Foundation.

Administrative Expenses

Administrative expenses include the general, administrative, development, and operating costs of the Foundation.

Income Tax Uncertainties

The Foundation has adopted Financial Accounting Standards Board ("FASB") guidance related to accounting for uncertainty in income taxes which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Foundation's financial statements. The interpretation also provides guidance on derecognition classification, interest and penalties, disclosure, and transition.

In accordance with the interpretation, the Foundation discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts of the Foundation's position and records unrecognized tax benefits or liabilities for known or anticipated tax issues based on the Foundation's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Foundation has completed its assessment and determined that there were no tax positions which would require recognition under the interpretation.

GOODCOIN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recent Accounting Pronouncements

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The amendments in this update are effective for fiscal years beginning after December 15, 2019, and management anticipates there could be significant changes from the implementation of these updates when instituted.

2. CONCENTRATION OF CREDIT AND MARKET RISK

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents and marketable securities. Cash and cash equivalents are maintained at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 or the Securities Investors Protection Corporation up to \$500,000. Deposits may at times exceed the federally insured limits, and credit exposure is limited to deposits at any one institution in excess of this limit. The Foundation has not experienced any losses on its cash and cash equivalents. The Foundation had no uninsured cash balances as of June 30, 2019 and 2018. The Foundation invests in a variety of investments which are subject to fluctuations in market values and expose the Foundation to a certain degree of interest and credit risk.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with ASC 958, Section 320, *Not-for-Profit Entities, Investments – Debt and Equity Securities*, the Foundation's investments are stated at fair market value. Fair market value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820, *Fair Value Measurements and Disclosures*, also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices. They can be quoted prices for similar or identical instruments in markets that are not active, they can be observable inputs (not quoted prices) such as yield curves, interest rates, or default rates, among others, which are observable at commonly quoted intervals, or they can be market corroborated inputs.

GOODCOIN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

Level 3 Pricing inputs are unobservable inputs used in cases where financial instruments are considered illiquid, with no significant market activity and little or no pricing information on the date of measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at June 30, 2019 and 2018.

- *Cash and cash equivalents*: The carrying amounts approximate fair value because of the short maturity of these instruments.
- *Shares of registered investment companies (mutual funds)*: Valued at the quoted net asset value (NAV) of shares held by the Foundation at year end.
- *Money market funds*: Stated using amortized cost which approximates fair value.
- *United States Treasury Notes*: Valued by reference to quoted market prices and other relevant information generated by market transactions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30:

	2019		
	Level 1 Quoted Prices in Active Markets	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Cash equivalents:			
Cash equivalents in investment accounts	\$ 102,041	\$ -	\$ -
Total cash equivalents	<u>102,041</u>	<u>-</u>	<u>-</u>
Shares of registered investment companies:			
Large growth funds	52,680	-	-
International emerging market equities	13,304	-	-
Balanced funds	37,559	-	-
Total shares of registered investment companies	<u>103,543</u>	<u>-</u>	<u>-</u>

GOODCOIN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

	2019 - Continued		
	Level 1 Quoted Prices in Active Markets	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
United States treasury notes:			
Fixed income government bonds	1,563,618	-	-
Total United States treasury notes	1,563,618	-	-
Total assets at fair value	\$ 1,769,202	\$ -	\$ -
	2018		
	Level 1 Quoted Prices in Active Markets	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Cash equivalents:			
Cash equivalents in investment accounts	\$ 1,160	\$ -	\$ -
Total cash equivalents	1,160	-	-
Shares of registered investment companies:			
Large growth funds	70,049	-	-
International emerging market equities	17,523	-	-
Balanced funds	49,678	-	-
Total shares of registered investment companies	137,250	-	-
United States treasury notes:			
Fixed income government bonds	2,032,859	-	-
Fixed income bond funds	37,000	-	-
Total United States treasury notes	2,069,859	-	-
Total assets at fair value	\$ 2,208,269	\$ -	\$ -

4. SIGNIFICANT CONCENTRATIONS

During the years ended June 30, 2019 and 2018, the Foundation received approximately 90% and 87% of its contributions from one donor, respectfully.

GOODCOIN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

5. CLASSIFICATION OF NET ASSETS WITHOUT DONOR RESTRICTIONS

The Foundations' governing board has designated net assets without donor restrictions for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Foundation funds		
Discretionary fund	\$ 3,185	\$ 16,407
Donor advised fund	1,772,847	2,200,100
Total foundation funds	<u>1,776,032</u>	<u>2,216,507</u>
Administrative fund	<u>35,145</u>	<u>10,505</u>
	<u>\$ 1,811,177</u>	<u>\$ 2,227,012</u>

6. AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at June 30:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 50,760	\$ 16,139
Accounts receivable	4,900	2,604
Investments, at fair value	1,769,202	2,208,269
Total financial assets	<u>1,824,862</u>	<u>2,227,012</u>
Less amounts not available to be used within one year, due to:		
Board designations:		
Donor advised funds	<u>(1,772,847)</u>	<u>(2,200,100)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 52,015</u>	<u>\$ 26,912</u>

Amounts not available include net assets with board designations that could be drawn upon if the governing board approves that action.

7. SUBSEQUENT EVENTS

In accordance with AS 855, *Subsequent Events*, the Foundation's management has evaluated subsequent events at June 30, 2019 through November 8, 2019, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.