

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER

FINANCIAL STATEMENTS

December 31, 2021 and 2020

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
FINANCIAL STATEMENTS
December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To Management and Board of Directors
Good Neighbors Global Partnership Center
Tustin, California

Opinion

We have audited the financial statements of Good Neighbors Global Partnership Center ("GPC") which comprise the statements of financial positions as of December 31, 2021 and 2020, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of GPC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 GPC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 GPC's ability to continue as a going concern within one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 GPC'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 GPC'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.

CKP, LLP

July 15, 2022

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER

STATEMENTS OF FINANCIAL POSITIONS

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 9,180,055	\$ 5,439,278
Inventories	613,544	-
Other receivables	95,340	18,466
Prepaid expenses	<u>1,269</u>	<u>1,702,802</u>
Total current assets	9,890,208	7,160,546
Non-current assets:		
Pension assets	158,416	162,290
Fixed asset	3,728	4,768
Lease deposit	<u>27,888</u>	<u>41,412</u>
Total non-current assets	<u>190,032</u>	<u>208,470</u>
Total assets	<u>\$ 10,080,240</u>	<u>\$ 7,369,016</u>

<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 14,914	\$ 9,370
Accrued expenses	7,743	25,382
Payroll tax payable	<u>2,882</u>	<u>1,266</u>
Total current liabilities	<u>25,539</u>	<u>36,018</u>
Total liabilities	25,539	36,018
Net assets:		
Without donor restrictions	<u>10,054,701</u>	<u>7,332,998</u>
Total net assets	<u>10,054,701</u>	<u>7,332,998</u>
Total liabilities and net assets	<u>\$ 10,080,240</u>	<u>\$ 7,369,016</u>

See accompanying notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenues:						
General funds	\$ 66,655,703	\$ -	\$ 66,655,703	\$ 64,734,122	\$ -	\$ 64,734,122
Government grants	6,081,407	-	6,081,407	7,310,297	-	7,310,297
Gift-in-kind donations	3,924,739	-	3,924,739	-	-	-
Other income	-	-	-	2,231,368	-	2,231,368
Total operating revenues	76,661,849	-	76,661,849	74,275,787	-	74,275,787
Operating expenses:						
Program expenses:						
Professional Consulting	4,294,235	-	4,294,235	1,864,095	-	1,864,095
Fundraising support	2,602,147	-	2,602,147	3,338,784	-	3,338,784
International child rights support:						
Africa	21,868,306	-	21,868,306	25,210,917	-	25,210,917
Eastern Asia	18,592,793	-	18,592,793	19,728,144	-	19,728,144
Western Asia	15,019,503	-	15,019,503	14,319,778	-	14,319,778
Latin America	9,551,226	-	9,551,226	9,510,297	-	9,510,297
Total international child rights support	65,031,828	-	65,031,828	68,769,136	-	68,769,136
Global partnership development:						
Global strategy development	126,123	-	126,123	233,321	-	233,321
Coordination for global governance	38,209	-	38,209	35,943	-	35,943
Partnership countries support	16,461	-	16,461	178,912	-	178,912
Global marketing	54,456	-	54,456	20,838	-	20,838
Network	1,918	-	1,918	1,252	-	1,252
Total global partnership development	237,167	-	237,167	470,266	-	470,266
Total program expenses	72,165,377	-	72,165,377	74,442,281	-	74,442,281

See accompanying notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2021 and 2020

Support services:						
Management and general	1,821,346	-	1,821,346	\$ 1,332,364	-	1,332,364
Total support services	1,821,346	-	1,821,346	1,332,364	-	1,332,364
Total operating expenses	73,986,723	-	73,986,723	75,774,645	-	75,774,645
Change in net assets from operations	2,675,126		2,675,126	(1,498,858)		(1,498,858)
Non-operating income (expense):						
Miscellaneous, net	45,500	-	45,500	17,595	-	17,595
Foreign currency transactions, net	1,077	-	1,077	(15,754)	-	(15,754)
Total non-operating, net	46,577	-	46,577	1,841	-	1,841
Change in net assets	2,721,703	-	2,721,703	(1,497,017)	-	(1,497,017)
Net assets, beginning of year	7,332,998	-	7,332,998	8,830,015	-	8,830,015
Net assets, end of year	<u>\$ 10,054,701</u>	<u>\$ -</u>	<u>\$ 10,054,701</u>	<u>7,332,998</u>	<u>\$ -</u>	<u>\$ 7,332,998</u>

See accompanying notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 2,721,703	\$ (1,497,017)
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Depreciation	1,040	433
Donated fixed asset	-	(5,201)
Non-cash Contribution	(613,544)	
(Increase) decrease in:		
Other receivables	(76,874)	158,519
Prepaid expenses	1,701,533	(1,659,405)
Pension assets	3,874	(162,290)
Lease deposit	13,524	(9,629)
Increase (decrease) in:		
Accounts payable	5,544	9,370
Accrued expenses	(17,639)	(20,515)
Payroll tax payable	1,616	(1,598)
Pension obligations	-	(11,727)
Total adjustments	<u>1,019,074</u>	<u>(1,702,043)</u>
Net cash provided by (used in) operating activities	<u>3,740,777</u>	<u>(3,199,060)</u>
Net increase (decrease) in cash	3,740,777	(3,199,060)
Cash, beginning of year	<u>5,439,278</u>	<u>8,638,338</u>
Cash, end of year	<u>\$ 9,180,055</u>	<u>\$ 5,439,278</u>
Supplemental disclosure of non-cash investing activities:		
Non-cash acquisition of property and equipment	<u>\$ -</u>	<u>\$ 5,201</u>

See accompanying notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization and Programs

Good Neighbors Global Partnership Center ("GPC") is a non-governmental organization incorporated under the laws of the State of California.

GPC is to facilitate central coordination among support countries and field countries under the Good Neighbors ("GN") Partnership Covenant and MOU around the world, in furthering their mission in international humanitarian to establish children's education, community development, and emergency relief projects in more than 40 countries.

GN respects the human rights of our neighbors suffering from poverty, disasters, and oppression, and helps them to achieve self-reliance and enable them to rebuild their hope.

GPC is an international organization committed to making the world a place without hunger, where people live together in harmony. GPC provides coordination among country members, allocation of consolidated grants, development of global partnership policies, and networks with international organizations and donor agencies in order for effective field operation support.

GPC is located in Tustin, California, and has a branch in Seoul, Korea.

Note 2 - Summary of Significant Accounting Policies

This summary of the significant accounting policies of GPC is presented to assist in understanding GPC's financial statements. The financial statements and notes are representations of GPC's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of financial statements.

Use of Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Estimates are primarily used for the allocation of functional expenses, pension assets, and pension obligations. Actual results could differ from those estimates.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Measure of Operations

The GPC's measure of operations as presented in the statements of activities includes operating revenues from general funds, government grants, gift-in-kind donations, and other income. The measure of operations includes support for operating activities from both donor-restricted and without donor restrictions sources. Non-operating activities primarily include interest income and loss on foreign currency transactions.

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Investments in social enterprise

GPC accounts its investments in social enterprises as program expense since GPC does not expect any return or money back from the investments but expects investments to generate perpetual social benefits locally.

Revenue Recognition

General funds and government grants are recorded as net assets without donor restriction and net assets with donor restriction, depending on the nature of the restrictions.

General funds and government grants, which include cash or unconditional promises to give, are recognized as revenue when they are received. Unconditional promises to give are recorded at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the cash is received or when the conditions expire, whichever occurs first.

Donor restricted funds are reported as an increase in the donor-restricted net asset if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated use restriction is accomplished, net assets with donor restriction are released and reclassified to net assets without donor restriction in the statements of activities. GPC has implemented the policy to show general funds and government grants whose restrictions are met in the same reporting period as without donor restrictions.

Gift-in-kind Donations

Gift-in-kind donations (GIK) are valued and recorded as revenue at their estimated fair value based upon GPC's estimate of the wholesale values that, would be received for selling the goods in their principal exit markets considering the good's condition and utility for use at the time of contribution. GPC does not sell donated GIK and only distributes the goods for program use.

Pharmaceutical contributions legally permissible for sale in the United States are valued using a hierarchy of pricing inputs that approximates wholesale prices in the United States. Pharmaceutical contributions not legally permissible for sale in the United States are valued based upon wholesale market price data, obtained from reliable third-party sources, representing principal exit markets where such products are approved for sale.

Contributed nonfinancial assets received from private and corporate donors during the year ended December 31, 2021 consisted of mainly mask of \$350,000, medicine and medical supplies of \$878,872, school supplies of \$2,153,167 and shoes of \$542,700.

Other Income

Other income consists of a gratuitous transfer of GNI's ownership on Social Enterprise to GPC. GPC expenses its gratuitous for international child right support as program expenses to promote the social economy and improve people's economic capacity. Total other income under gratuitous transfer from GNI to GPC was \$2,231,368 for year ended December 31, 2020.

Functional Expenses

GPC allocates expenses on a functional basis among its various programs expenses and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly to such program or supporting services.

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NOTES TO FINANCIAL STATEMENTS

Certain costs of joint activities related to various projects have been allocated as indicated among the programs and supporting services benefited. In its statements of activities and functional expenses, GPC classifies such costs allocated to the programs. Other expenses allocated to support services are included in management and general expenses based on the nature of the related activities.

Cash

GPC's cash consists primarily of cash in its commercial bank accounts, which, at times, may exceed federally insured limits.

Inventories

Inventories consist of gift-in-kind donations for use in program support. Inventories are measured at the lower of the value established in the donation and the market value. Appropriate consideration is given to obsolescence, slow-moving items, the competitiveness of product offerings, market conditions, and other factors in evaluating the net realizable value. There was no allowance for inventory valuation as of December 31, 2021.

Income Taxes

GPC is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The donor of cash or property is entitled to the maximum charitable contribution deduction allowed by law and contributions to GPC qualify for the charitable contribution deduction under Section 170(b)(1)(A).

GPC has adopted Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. At December 31, 2021 and 2020, GPC had no material unrecognized tax benefits, tax penalties, or interest.

GPC's Federal form 990, Return of Organization Exempt from Income Taxes, for the year ended December 31, 2018 through 2020 are subject to examination by the IRS, generally for three years after they were filed. The California form 199, California Exempt Organization Annual Information Return, for the year ended December 31, 2017, which in the year of incorporation, through 2020 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Fair Value of Financial Instruments

ASC 820 establishes a framework for measuring fair value as it relates to financial assets and liabilities and to nonfinancial assets and liabilities measured at fair value on a recurring basis. That framework provides a three-level valuation hierarchy based upon observable and unobservable inputs, with preference given to observable inputs. The three levels of the fair value hierarchy under the ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Inputs to the valuation methodology include (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in inactive markets; (iii) inputs other

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than quoted prices that are observable for the asset or liability; (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The GPC's financial instruments, including cash, other receivable, accounts payable and other payables are carried at cost, which approximates their fair value because of the short-term maturity of these instruments.

Recent Pronouncements

GPC has elected to early adopt FASB Accounting Standards Update (ASU) No. 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* for the year ended December 31, 2021. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure.

This ASU requires that nonfinancial assets are presented as separate line items in the statement of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restriction, and valuation techniques for the nonfinancial assets received.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance in ASU 2016-02 (as subsequently amended by ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20, and ASU 2019-01) requires that a lessee recognizes 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. 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. As with previous guidance, there continues to be a differentiation between finance leases and operating leases, however this distinction now primarily relates to differences in the manner of expense recognition over time and in the classification of lease payments in the statement of cash flows. Lease assets and liabilities arising from both finance and operating leases will be recognized in the statement of financial position. The transitional guidance for adopting the requirements of ASU 2016-02 calls for a modified retrospective approach that includes a number of optional practical expedients that entities may elect to apply. In addition, ASU 2018-11 provides for an additional (and optional) transition method by which entities may elect to initially apply the transition requirements in Topic 842 at that Topic's effective date with the effects of initially applying Topic 842 recognized as a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption and without retrospective application to any comparative prior periods presented. The standard is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, for public business entities, certain not-for-profit entities, and certain employee benefit plans. For all other entities, the standard is effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Under the amendment of AUS 2020-05, due to Coronavirus Disease 2019 (COVID-19) pandemic effect, the effective date of leases for all other entities is deferred to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. GPC is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Note 3 – Availability and Liquidity

GPC has \$9,275,395 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$9,180,055 and other receivable of \$95,340. As part of its liquidity management, GPC has a policy to structure its financial assets to be available as general expenditures and related liabilities become due.

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NOTES TO FINANCIAL STATEMENTS

Note 4 - Net Assets

GPC presents its financial statements in accordance with the recommendation of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 958, Financial Statements of Not-for-profit entities Under those provisions, net assets are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of not-for-profit entity or legal restrictions requiring that the principal be maintained permanently by the not-for-profit entity. Generally, the donors permit the not-for-profit entity to use all or part of the income earned for either general or donor-specified purposes.

As of December 31, 2021 and 2020, GPC did not have any donor restrictions on its net assets.

Note 5 - Related Party Transaction

General Funds

GPC unifies the funds from its affiliates in support countries to coordinate with GN partners. In order to enhance GN mission, affiliates in support countries develop and implement the fundraising, grants, and global marketing strategy. Such balances and transactions included in the accompanying financial statements are as follows:

	2021	2020
GN Korea:		
General fund	\$ 65,423,501	\$ 64,101,436
Government grants	5,926,575	7,310,297
Total GN Korea	<u>71,350,076</u>	<u>71,411,733</u>
GN Global Impact Foundation:		
General fund	4,228	-
Government grants	154,832	-
Total GN Global Impact Foundation	<u>159,060</u>	<u>-</u>
GN USA	534,231	428,618
GN Japan	448,938	137,210
GN Canada	61,598	59,160
GN Australia	33,691	7,698
GN UK	273	-
GN Taiwan	149,243	-
Total general funds	<u>\$ 72,737,110</u>	<u>\$ 72,044,419</u>

Program Expenses

GPC distributes financial remittance for the general fund to its affiliates in field countries according to GN partnership covenant and MOU. Affiliates in global offices are committed to the development of staff in GN

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partnership offices, the representation of GN to the UN organizations or other international entities, and the establishment of social-economic projects. Affiliates in fundraising county and field offices support human rights and social welfare for children's rights under GN partnership policy. Such balances and transactions included in the accompanying financial statements are as follows:

	2021	2020
Professional consulting:		
Global Capacity Development Center	\$ 208,178	\$ 340,748
Geneva International Cooperation Office	132,360	150,000
GN Global Impact Foundation	3,953,697	1,373,347
	<u>4,294,235</u>	<u>1,864,095</u>
Total professional consulting	<u>\$ 4,294,235</u>	<u>\$ 1,864,095</u>
	2021	2020
Fundraising support:		
GN USA	\$ 735,000	\$ 1,705,931
GN Japan	500,000	555,000
GN Canada	370,000	300,000
GN Australia	416,212	254,652
GN UK	287,389	216,673
GN Taiwan	293,546	200,000
GN Mexico	-	104,166
GN Korea	-	2,362
	<u>2,602,147</u>	<u>3,338,784</u>
Total fundraising support	<u>\$ 2,602,147</u>	<u>\$ 3,338,784</u>
	2021	2020
International child rights support:		
Africa:		
GN Tanzania	\$ 2,350,403	\$ 3,203,150
GN Ethiopia	3,171,704	2,659,654
GN Malawi	1,675,005	2,141,809
GN Rwanda	3,161,577	4,983,906
GN Kenya	1,684,126	2,016,092
GN Uganda	2,327,460	2,675,015
GN Chad	893,814	1,041,454
GN Zambia	2,203,116	1,298,958
GN Mozambique	1,500,599	2,150,407
GN Cameroon	1,523,772	1,832,072
GN Niger	1,274,211	966,607
GN Ghana	102,519	205,930
GN South Sudan	-	35,863
Total Africa	<u>21,868,306</u>	<u>25,210,917</u>
Eastern Asia:		
GN Cambodia	3,412,037	3,038,565
GN Vietnam	2,677,150	2,553,032
GN Indonesia	4,387,520	2,764,061
GN Myanmar	1,438,734	3,307,297
GN Mongolia	2,337,346	2,724,484
GN Philippines	2,140,002	2,612,690
GN Laos	696,019	596,515

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GN Thailand	276,985	100,000
GN China	1,227,000	2,031,500
Total Eastern Asia	18,592,793	19,728,144
Western Asia:		
GN Bangladesh	4,300,965	4,516,998
GN Tajikistan	2,838,410	2,186,598
GN Nepal	4,363,793	4,976,122
GN Afghanistan	390,859	445,159
GN India	471,155	515,722
GN Sri Lanka	485,869	344,951
GN Kyrgyz Republic	1,508,485	1,060,151
GN Uzbekistan	113,506	78,631
GN Pakistan	10,000	20,000
GN Jordan	536,461	175,446
Total Western Asia	15,019,503	14,319,778
Latin America:		
GN Guatemala	2,866,212	3,240,106
GN Paraguay	1,807,036	2,213,633
GN Dominica Republic	1,320,148	1,518,743
GN Nicaragua	1,212,564	1,096,117
GN Haiti	1,058,803	608,535
GN Chile	420,000	551,597
GN El Salvador	695,727	281,566
GN Mexico	170,736	-
Total Latin America	9,551,226	9,510,297
Total international child rights support	\$ 65,031,828	\$ 68,769,136

Lease

GPC leases its office facility from GN USA (related to GPC through a common partnership) from October 2019. Total rent expenses under this related party lease were \$10,668 in both 2021 and 2020.

GPC's Korea branch leases its office from GN International from January 2019. Total rent expenses under this related party lease were \$51,386 and \$79,678 for the years ended December 31, 2021 and 2020, respectively.

Note 6 - Employee Benefit Plan

GPC's branch in Korea maintains a defined benefit pension plan (the "DB Plan"). The DB Plan was the first effective in January 2019 in Korea and covers Korea branch employees of the GPC who have been hired for over one year. The primary factors affecting the benefits earned by participants in the plan are employees' years of service and compensation levels. Upon retirement, benefits are fully paid at the time of retirement.

At December 31, 2021, the DB Plan's projected benefit obligation was \$753,853 and the fair value of the plan asset was \$912,269 leaving the Plan asset with an amount of \$158,416. At December 31, 2020, the DB Plan's projected benefit obligation was \$779,147 and the fair value of the plan asset was \$941,437

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leaving the Plan asset with an amount of \$162,290. Total contributions to the plan for the years ended December 31, 2021 and 2020 were approximately \$95,460 and \$117,360, respectively.

Note 7 - Concentration of Credit Risk

GPC maintains its cash accounts with high-quality insured depository financial institutions, which are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000 at each institution. At various times throughout the year, GPC may have cash balances in financial institutions that exceed the FDIC insurance limit. As of December 31, 2021, and 2020, the GPC's cash balances exceeding the maximum insured amount totaled \$8,731,866 and \$5,174,667, respectively.

A significant portion of GPC's revenue is concentrated in affiliate members of GN partners. Although GPC is directly affected by the financial condition of its GN partners, GPC does not expect significant credit risks to existing on their financial position, results of operation, or liquidity on December 31, 2021 and expects to maintain this relationship with GN partners.

Note 8 – Commitments and Contingencies

Litigation

In the normal course of activities, GPC is involved in various litigation matters. Management has reviewed all claims and possible litigation against GPC with the outside legal counsel and has taken into consideration the views of such counsel as to the outcome of these claims. Management believes that the outcomes of such matters will not have a material effect on the results of operations or the financial position of GPC. As of December 31, 2021, GPC did not have any pending legal actions.

COVID-19

The ongoing COVID-19 pandemic as well as the newer Omicron variant has had and will continue to spread to nearly all areas around the world. In response to the COVID-19 pandemic, federal, state, and local governmental agencies have taken and may again take preventative or protective actions, such as imposing restrictions on travel and activities operations.

Although GPC does not expect that the virus will have a material adverse effect on GPC or financial results at this time, it is not possible to predict the unanticipated consequences of the pandemic on the GPC's future activities performance and liquidity due to the severity of the global situation of COVID-19.

Note 9 - Subsequent Events

GPC has evaluated subsequent events from the statement of financial position date through July 15, 2022, the date at which the financial statements were available to be issued, and determined that there are no other subsequent events that require disclosure.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 10 - Functional Expenses

	Program expenses					Support services			
	Professional Consulting	Fundraising support	International child rights support	Global partnership development	Program expenses subtotal	Management and general	Total expense 2021	Total expense 2020	
Program support	\$ 4,294,235	\$ 2,602,147	\$ 65,031,828	\$ -	\$ 71,928,210	\$ -	\$ 71,928,210	\$ 73,972,015	
Global strategy development	-	-	-	126,123	126,123	-	126,123	233,321	
Coordination for global governance	-	-	-	38,209	38,209	-	38,209	35,943	
Partnership countries support	-	-	-	16,461	16,461	-	16,461	178,912	
Global marketing	-	-	-	54,456	54,456	-	54,456	20,838	
Network	-	-	-	1,918	1,918	-	1,918	1,252	
Auto expenses	-	-	-	-	-	5,934	5,934	5,236	
Bank charges & fees	-	-	-	-	-	204	204	2,667	
Depreciation	-	-	-	-	-	1,040	1,040	433	
Dues & subscriptions	-	-	-	-	-	3,151	3,151	1,479	
Employee benefits	-	-	-	-	-	11,963	11,963	12,590	
Insurance	-	-	-	-	-	133,550	133,550	93,115	
Lease	-	-	-	-	-	129,175	129,175	90,135	
Legal fees	-	-	-	-	-	10,150	10,150	2,340	
Miscellaneous expenses	-	-	-	-	-	44,167	44,167	70,449	
Payroll expenses	-	-	-	-	-	1,434,338	1,434,338	999,281	
Postage and shipping	-	-	-	-	-	150	150	123	
Printing and copying	-	-	-	-	-	4,222	4,222	4,202	
Professional fees	-	-	-	-	-	30,366	30,366	31,311	
Supplies & materials	-	-	-	-	-	7,816	7,816	13,099	
Travel & meeting expenses	-	-	-	-	-	3,600	3,600	3,154	
Utilities	-	-	-	-	-	1,520	1,520	2,750	
Total expenses after allocation	\$ 4,294,235	\$ 2,602,147	\$ 65,031,828	\$ 237,167	\$ 72,165,377	\$ 1,821,346	\$ 73,986,723	\$ 75,774,645	