

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER

FINANCIAL STATEMENTS

December 31, 2022 and 2021

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
FINANCIAL STATEMENTS
December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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

Irvine, California

May 2, 2023

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF FINANCIAL POSITIONS
December 31, 2022 and 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
Current assets:		
Cash	\$ 14,056,086	\$ 9,180,055
Inventories	43,560	613,544
Other receivables	139,587	95,340
Prepaid expenses	<u>-</u>	<u>1,269</u>
Total current assets	14,239,233	9,890,208
Non-current assets:		
Property and equipment, net	1,499,988	3,728
Operating lease right-of-use assets, net	101,060	-
Pension assets	107,357	158,416
Lease deposit	<u>30,314</u>	<u>27,888</u>
Total non-current assets	<u>1,738,719</u>	<u>190,032</u>
Total assets	<u><u>\$ 15,977,952</u></u>	<u><u>\$ 10,080,240</u></u>

(Continued)

See accompanying auditors' report and notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF FINANCIAL POSITIONS
December 31, 2022 and 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current liabilities:		
Accounts payable	\$ 16,378	\$ 14,914
Accrued expenses	18,483	7,743
Current portion of operating lease liabilities	46,487	-
Current portion of loan payable	19,740	-
Payroll tax payable	<u>3,602</u>	<u>2,882</u>
Total current liabilities	<u>104,690</u>	<u>25,539</u>
Non-current liabilities:		
Loan payable, net of current portion	885,952	-
Operating lease, net of current portion	<u>54,573</u>	<u>-</u>
Total non-current liabilities	<u>940,525</u>	<u>-</u>
Total liabilities	1,045,215	25,539
Net assets:		
Without donor restrictions	<u>14,932,737</u>	<u>10,054,701</u>
Total net assets	<u>14,932,737</u>	<u>10,054,701</u>
Total liabilities and net assets	<u><u>\$ 15,977,952</u></u>	<u><u>\$ 10,080,240</u></u>

See accompanying auditors' report and notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenues:						
General funds	\$ 69,749,648	\$ -	\$ 69,749,648	\$ 66,655,703	\$ -	\$ 66,655,703
Government grants	6,477,434	-	6,477,434	6,081,407	-	6,081,407
Gift-in-kind donations	-	-	-	3,924,739	-	3,924,739
Total operating revenues	76,227,082	-	76,227,082	76,661,849	-	76,661,849
Operating expenses:						
Program expenses:						
Global offices support	2,672,351	-	2,672,351	4,294,235	-	4,294,235
Fundraising support	2,578,242	-	2,578,242	2,602,147	-	2,602,147
International child rights support:						
Africa	20,032,197	-	20,032,197	21,868,306	-	21,868,306
Eastern Asia	17,105,493	-	17,105,493	18,592,793	-	18,592,793
Western Asia	14,667,078	-	14,667,078	15,019,503	-	15,019,503
Europe	1,503,634	-	1,503,634	-	-	-
Latin America	11,021,537	-	11,021,537	9,551,226	-	9,551,226
Total international child rights support	64,329,939	-	64,329,939	65,031,828	-	65,031,828
Global partnership development:						
Global strategy development	102,139	-	102,139	126,123	-	126,123
Coordination for global governance	13,083	-	13,083	38,209	-	38,209
Partnership countries support	44,423	-	44,423	16,461	-	16,461
Global marketing	15,164	-	15,164	54,456	-	54,456
Network	3,306	-	3,306	1,918	-	1,918
Total global partnership development	178,115	-	178,115	237,167	-	237,167
Total program expenses	69,758,647	-	69,758,647	72,165,377	-	72,165,377

See accompanying auditors' report and notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

Support services:						
Management and general	<u>1,620,917</u>	<u>-</u>	<u>1,620,917</u>	<u>1,821,346</u>	<u>-</u>	<u>1,821,346</u>
Total support services	<u>1,620,917</u>	<u>-</u>	<u>1,620,917</u>	<u>1,821,346</u>	<u>-</u>	<u>1,821,346</u>
Total operating expenses	<u>71,379,564</u>	<u>-</u>	<u>71,379,564</u>	<u>73,986,723</u>	<u>-</u>	<u>73,986,723</u>
Change in net assets from operations	4,847,518		4,847,518	2,675,126	-	2,675,126
Non-operating income (expense):						
Other income, net	30,518	-	30,518	45,500	-	45,500
Foreign currency transactions, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077</u>	<u>-</u>	<u>1,077</u>
Total non-operating, net	<u>30,518</u>	<u>-</u>	<u>30,518</u>	<u>46,577</u>	<u>-</u>	<u>46,577</u>
Change in net assets	4,878,036	-	4,878,036	2,721,703	-	2,721,703
Net assets, beginning 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>
Net assets, end of year	<u>\$ 14,932,737</u>	<u>\$ -</u>	<u>\$ 14,932,737</u>	<u>\$ 10,054,701</u>	<u>\$ -</u>	<u>\$ 10,054,701</u>

See accompanying auditors' report and notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 4,878,036	\$ 2,721,703
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	4,339	1,040
Non-cash contribution	-	(613,544)
Operating lease right-of-use assets	(58,134)	-
Operating lease liabilities	58,134	-
(Increase) decrease in:		
Inventory assets	569,984	-
Other receivables	(44,247)	(76,874)
Prepaid expenses	1,269	1,701,533
Pension assets	51,059	3,874
Leased deposit	(2,426)	13,524
Increase (decrease) in:		
Accounts payable	1,464	5,544
Accrued expenses	10,740	(17,639)
Payroll tax payable	720	1,616
Net cash provided by operating activities	<u>5,470,938</u>	<u>3,740,777</u>
Cash flows from investing activities:		
Purchases of land	(900,000)	-
Purchases of building	<u>(600,599)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,500,599)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from loan payable	910,000	-
Payment of principal of loan payable	<u>(4,308)</u>	<u>-</u>
Net cash provided by financing activities	<u>905,692</u>	<u>-</u>
Net increase in cash	4,876,031	3,740,777
Cash, beginning of year	<u>9,180,055</u>	<u>5,439,278</u>
Cash, end of year	<u>\$ 14,056,086</u>	<u>\$ 9,180,055</u>
SUPPLEMENTAL		
Interest	<u>\$ 11,629</u>	<u>\$ -</u>
Increase in operating lease liabilities	<u>\$ 159,194</u>	<u>\$ -</u>

See accompanying auditors' report and 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.

Measure of Operations

The GPC's measure of operations as presented in the statements of activities includes operating revenues from general funds, government grants, and gift-in-kind donations. 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 gain and loss on foreign currency transactions.

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.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

Revenue Recognition

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.

GPC transferred the GIK administration to Good Neighbors USA ("GN USA"), its related party, and is no longer responsible for GIK from 2022 going forward.

Functional Expenses

GPC allocates expenses on a functional basis among its various program 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.

Certain costs of joint activities related to fundraising, management and general, and 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 as indirect program expenses. 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.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

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, 2022 and 2021.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation. Depreciation on property and equipment is provided over the estimated useful lives of the related assets, generally five years for automobiles and forty years for building, using principally the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is recorded as a component of other income or expenses in the accompanying statements of activities.

Impairment or Disposal of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less selling expenses.

Management determined that no impairment of long-lived assets existed as of December 31, 2022 and 2021.

Lease

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (ASC 842), which amended prior accounting standards for leases. GPC adopted Topic 842 on January 1, 2022. After the adoption of ASC 842, at the inception of an arrangement, GPC determines whether the arrangement is or contains a lease based on the facts and circumstances present. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. At the lease commencement date, operating and finance lease liabilities and their corresponding Right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable and, as such, GPC uses a risk-free discount rate published by U.S. Treasury. Certain adjustments to the ROU asset may be required for items such as incentives received. GPC made an accounting policy election to not record leases with an initial term of 12 months or less on the statements of financial position.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

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, 2022 and 2021, 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, 2019 through 2021 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, 2018, which in the year of incorporation, through 2021 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 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 payroll tax payables are carried at cost, which approximates their fair value because of the short-term maturity of these instruments. Long-term debt issued in 2022 was recorded at fair value upon issuance and approximated fair values as of December 31, 2022 based on discounted cash flow analysis.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

Recent Pronouncements

GPC has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Note 3 - 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 a 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, 2022 and 2021, GPC did not have any donor restrictions on its net assets.

Note 4 – Property and Equipment

	2022	2021
Land	\$ 900,000	\$ -
Building and improvement	600,599	-
Automobiles	5,201	5,201
	1,505,800	5,201
Less: Accumulated depreciation	(5,812)	(1,473)
Property and equipment, net	<u>\$ 1,499,988</u>	<u>\$ 3,728</u>

Depreciation expenses were \$4,339 and \$1,040, respectively, for the years ended December 31, 2022 and 2021.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 5 – Loan Payable

GPC entered into a loan agreement on October 6, 2022 with Open Bank for a seven-year amortizing term loan for \$910,000. The loan has monthly installment payments of \$5,311 with interest on the unpaid principal balances at the annual rate of 4.9% per annum commencing on November 15, 2022 through October 2027. 23 monthly installment payments of \$6,060 with interest on the unpaid principal balances at a variable rate based on the prime rate from Wall Street Journal plus a margin of 0.25% will continue to be paid from November 15, 2027 through October 2029 until the remaining payment of approximately \$759,000 plus any accrued interest is due upon maturity.

The loan payable is secured by GPC's land and building. The loan payable contains certain covenants, and in management's opinion, GPC is in compliance with the covenants as of December 31, 2022.

Total interest expense was \$11,626 for the year ended December 31, 2022.

Note 6 - Related Party Transactions

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:

	2022	2021
GN Korea:		
General fund	\$ 67,909,928	\$ 65,423,501
Government grants	5,805,632	5,926,575
Total GN Korea	<u>73,715,560</u>	<u>71,350,076</u>
GN Global Impact Foundation:		
General fund	237,728	4,228
Government grants	407,351	154,832
Total GN Global Impact Foundation	<u>645,079</u>	<u>159,060</u>
GN Japan:		
General fund	462,201	448,938
Government grants	264,452	-
Total GN Japan	<u>726,653</u>	<u>448,938</u>
GN USA	743,789	534,231
GN Canada	34,767	61,598
GN Australia	59,005	33,691
GN UK	1,887	273
GN Taiwan	300,342	149,243
Total general funds	<u>\$ 76,227,082</u>	<u>\$ 72,737,110</u>

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 6 - Related Party Transactions, Continued

Program Expenses

GPC distributes financial remittances for the general fund to its affiliates in field countries according to the GN partnership covenant and MOU. Affiliates in global offices are committed to the development of staff in GNI partnership offices, the representation of GN to UN organizations or other international entities, and the establishment of social-economic projects. Affiliates in fundraising country 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:

	2022	2021
Global offices support:		
Global Capacity Development Center	\$ 471,532	\$ 208,178
Geneva International Cooperation Office	250,921	132,360
GN Global Impact Foundation	1,949,898	3,953,697
Total Global offices support	<u>\$ 2,672,351</u>	<u>\$ 4,294,235</u>
	2022	2021
Fundraising support:		
GN USA	\$ 506,010	\$ 735,000
GN Japan	198,495	500,000
GN Canada	668,165	370,000
GN Australia	482,534	416,212
GN UK	348,488	287,389
GN Taiwan	374,550	293,546
Total fundraising support	<u>\$ 2,578,242</u>	<u>\$ 2,602,147</u>
	2022	2021
International child rights support:		
Africa:		
GN Tanzania	\$ 1,692,330	\$ 2,350,403
GN Ethiopia	2,968,221	3,171,704
GN Malawi	1,902,777	1,675,005
GN Rwanda	2,024,238	3,161,577
GN Kenya	1,995,705	1,684,126
GN Uganda	2,473,739	2,327,460
GN Chad	949,279	893,814
GN Zambia	1,737,118	2,203,116
GN Mozambique	1,506,985	1,500,599
GN Cameroon	1,059,318	1,523,772
GN Niger	872,398	1,274,211
GN Ghana	643,990	102,519
GN South Sudan	169,266	-
GN Madagascar	36,833	-
Total Africa	<u>20,032,197</u>	<u>21,868,306</u>

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 6 - Related Party Transactions, Continued

Program Expenses, Continued

Eastern Asia:		
GN Cambodia	3,489,050	3,412,037
GN Vietnam	2,992,540	2,677,150
GN Indonesia	2,948,806	4,387,520
GN Myanmar	669,746	1,438,734
GN Mongolia	2,111,768	2,337,346
GN Philippines	2,055,831	2,140,002
GN Laos	655,467	696,019
GN Thailand	292,297	276,985
GN China	1,889,988	1,227,000
Total Eastern Asia	17,105,493	18,592,793
Western Asia:		
GN Bangladesh	3,371,530	4,300,965
GN Tajikistan	2,155,834	2,838,410
GN Nepal	4,067,602	4,363,793
GN Afghanistan	829,351	390,859
GN India	237,281	471,155
GN Sri Lanka	361,407	485,869
GN Kyrgyz Republic	3,070,905	1,508,485
GN Uzbekistan	78,309	113,506
GN Pakistan	179,282	10,000
GN Jordan	315,577	536,461
Total Western Asia	14,667,078	15,019,503
Europe:		
GN Romania	1,503,634	-
Latin America:		
GN Guatemala	3,102,801	2,866,212
GN Paraguay	2,543,183	1,807,036
GN Dominica Republic	1,703,766	1,320,148
GN Nicaragua	1,319,623	1,212,564
GN Haiti	697,497	1,058,803
GN Chile	540,534	420,000
GN El Salvador	734,749	695,727
GN Mexico	379,384	170,736
Total Latin America	11,021,537	9,551,226
Total international child rights support	\$ 64,329,939	\$ 65,031,828

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Note 6 - Related Party Transactions, Continued

Leases As Lessee

GPC entered into various lease agreements for its office spaces with GN USA (related to GPC through a common partnership) on October 1, 2019. Total rent expenses under the related party lease were \$25,747 and \$10,668 for the years ended December 31, 2022 and 2021.

GPC's Korea branch leases its office from GN International from January 2019. Total rent expenses under the related party lease were \$58,120 and \$51,386 for the years ended December 31, 2022 and 2021, respectively.

Future minimum lease commitments for the Company's operating lease commitments having initial or remaining terms in excess of one year are as follows:

<u>Years ending December 31</u>	<u>Amount</u>
2023	\$ 49,414
2024	10,668
2025	10,668
2026	10,668
2027	10,668
Thereafter	18,669
Total future lease payments	110,755
Less: present value discount	(9,695)
Operating lease liabilities	101,060
Less: short-term lease liabilities	(46,487)
Long-term lease liabilities	\$ 54,573

Lease As Lessor

GPC leased premises under an operating lease agreement that has an initial term of 13 months commencing on December 1, 2022, which contains options to extend or renew the lease before expiration date. For the year ended December 31, 2022, rental income was \$8,500 under the related party lease and was included as other income in the accompanying statements of activities.

Note 7 - 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, 2022 and 2021, the DB Plan's projected benefit obligations were \$631,056 and \$753,853 with the fair value of the plan assets of \$738,413 and \$912,269, leaving the Plan asset with amounts of \$107,357 and \$158,416. Total contributions to the plan for the years ended December 31, 2022 and 2021 were approximately \$229,542 and \$95,460, respectively.

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Note 8 - 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, 2022 and 2021, the GPC's cash balances exceeding the maximum insured amount totaled \$13,691,541 and \$8,731,866, 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 exist on their financial position, results of operation, or liquidity on December 31, 2022 and expects to maintain this relationship with GN partners.

Note 9 – Commitments and Contingencies

GPC's financial assets available within one year of December 31, 2022 and 2021 for general expenditure are as follows:

Current assets	2022	2021
Cash and cash equivalents	\$ 14,056,086	\$ 9,180,055
Other receivables	139,587	95,340

As part of the GPC's liquidity management practices, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 10 – Commitments and Contingencies

Litigation

In the normal course of business, 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, 2022, GPC did not have any pending legal actions.

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Note 11 - Functional Expenses

	Program expenses					Support services	Total expense 2022	Total expense 2021
	Global office support	Fundraising countries support	International child rights support	Global partnership development	Program expenses subtotal	Management and general		
Program support	\$ 2,672,351	\$ 2,578,242	\$ 64,329,939	\$ -	\$ 69,580,532	\$ -	\$ 69,580,532	\$ 71,928,210
Global strategy development	-	-	-	102,139	102,139	-	102,139	126,123
Coordination for global governance	-	-	-	13,083	13,083	-	13,083	38,209
Partnership countries support	-	-	-	44,423	44,423	-	44,423	16,461
Global marketing	-	-	-	15,164	15,164	-	15,164	54,456
Network	-	-	-	3,306	3,306	-	3,306	1,918
Auto expenses	-	-	-	-	-	11,424	11,424	5,934
Bank charges & fees	-	-	-	-	-	-	-	204
Depreciation	-	-	-	-	-	1,040	1,040	1,040
Dues & subscriptions	-	-	-	-	-	4,532	4,532	3,151
Employee benefits	-	-	-	-	-	63,165	63,165	11,963
Insurance	-	-	-	-	-	78,408	78,408	133,550
Lease	-	-	-	-	-	83,867	83,867	129,175
Legal fees	-	-	-	-	-	-	-	10,150
Maintenance & repair	-	-	-	-	-	6,516	6,516	-
Miscellaneous expenses	-	-	-	-	-	26,351	26,351	44,167
Payroll expenses	-	-	-	-	-	1,210,209	1,210,209	1,434,338
Postage and shipping	-	-	-	-	-	1,294	1,294	150
Printing and copying	-	-	-	-	-	3,536	3,536	4,222
Professional fees	-	-	-	-	-	74,980	74,980	30,366
Supplies & materials	-	-	-	-	-	30,243	30,243	7,816
Travel & meeting expenses	-	-	-	-	-	21,298	21,298	3,600
Utilities	-	-	-	-	-	3,229	3,229	1,520
Business taxes	-	-	-	-	-	825	825	-
Total expenses after allocation	\$ 2,672,351	\$ 2,578,242	\$ 64,329,939	\$ 178,115	\$ 69,758,647	\$ 1,620,917	\$ 71,379,564	\$ 73,986,723

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Note 12 - Subsequent Events

GPC has evaluated subsequent events through May 2, 2023, the date at which the financial statements were available to be issued and determined that there are no other subsequent events that require disclosure.