

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER

FINANCIAL STATEMENTS

December 31, 2023 and 2022

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
FINANCIAL STATEMENTS
December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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, 2024

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF FINANCIAL POSITIONS
December 31, 2023 and 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 8,459,306	\$ 14,056,086
Inventories	278,268	43,560
Other receivables	52,393	139,587
Short-term investments	3,026,813	-
Prepaid expenses	<u>330,772</u>	<u>-</u>
Total current assets	12,147,552	14,239,233
Non-current assets:		
Property and equipment, net	1,483,554	1,499,988
Operating lease right-of-use assets, net	95,526	101,060
Pension assets	73,751	107,357
Lease deposit	<u>42,711</u>	<u>30,314</u>
Total non-current assets	<u>1,695,542</u>	<u>1,738,719</u>
Total assets	<u>\$ 13,843,094</u>	<u>\$ 15,977,952</u>

(Continued)

See accompanying auditors' report and notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF FINANCIAL POSITIONS
December 31, 2023 and 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable	\$ 58,202	\$ 16,378
Accrued expenses	34,833	18,483
Current portion of operating lease liabilities	56,515	46,487
Current portion of loan payable	19,177	19,740
Payroll tax payable	-	3,602
	<u>168,727</u>	<u>104,690</u>
Total current liabilities		
Non-current liabilities:		
Loan payable, net of current portion	867,338	885,952
Operating lease, net of current portion	39,011	54,573
	<u>906,349</u>	<u>940,525</u>
Total non-current liabilities		
Total liabilities	1,075,076	1,045,215
Net assets:		
Without donor restrictions	12,768,018	14,932,737
	<u>12,768,018</u>	<u>14,932,737</u>
Total net assets		
Total liabilities and net assets	<u>\$ 13,843,094</u>	<u>\$ 15,977,952</u>

See accompanying auditors' report and notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenues:						
General funds	\$ 69,093,707	\$ -	\$ 69,093,707	\$ 69,749,648	\$ -	\$ 69,749,648
Government grants	6,238,799	-	6,238,799	6,477,434	-	6,477,434
Total operating revenues	75,332,506	-	75,332,506	76,227,082	-	76,227,082
Operating expenses:						
Program expenses:						
International child & community development:						
Africa	23,155,277	-	23,155,277	20,032,197	-	20,032,197
Eastern Asia	20,621,628	-	20,621,628	17,105,493	-	17,105,493
Western Asia	15,359,827	-	15,359,827	14,667,078	-	14,667,078
Europe	894,413	-	894,413	1,503,634	-	1,503,634
Latin America	9,997,840	-	9,997,840	11,021,537	-	11,021,537
Total international child & community development	70,028,985	-	70,028,985	64,329,939	-	64,329,939
Emergency relief / Humanitarian assistance	2,313,901	-	2,313,901	-	-	-
Social economy consultation	1,844,388	-	1,844,388	-	-	-
Fundraising support	1,916,574	-	1,916,574	2,578,242	-	2,578,242
Global offices support	-	-	-	2,672,351	-	2,672,351
Global partnership development:						
Global strategy development	89,779	-	89,779	102,139	-	102,139
Coordination for global governance	24,096	-	24,096	13,083	-	13,083
Partnership countries support	59,763	-	59,763	44,423	-	44,423
Global marketing	1,783	-	1,783	15,164	-	15,164
Network	8,771	-	8,771	3,306	-	3,306
Total global partnership development	184,192	-	184,192	178,115	-	178,115
Total program expenses	76,288,040	-	76,288,040	69,758,647	-	69,758,647

See accompanying auditors' report and notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

Support services:						
Management and general	<u>1,458,254</u>	<u>-</u>	<u>1,458,254</u>	<u>1,620,917</u>	<u>-</u>	<u>1,620,917</u>
Total support services	<u>1,458,254</u>	<u>-</u>	<u>1,458,254</u>	<u>1,620,917</u>	<u>-</u>	<u>1,620,917</u>
Total operating expenses	<u>77,746,294</u>	<u>-</u>	<u>77,746,294</u>	<u>71,379,564</u>	<u>-</u>	<u>71,379,564</u>
Change in net assets from operations	(2,413,788)		(2,413,788)	4,847,518	-	4,847,518
Non-operating income (expense):						
Other income, net	230,855	-	230,855	30,518	-	30,518
Foreign currency transactions, net	<u>18,214</u>	<u>-</u>	<u>18,214</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating, net	<u>249,069</u>	<u>-</u>	<u>249,069</u>	<u>30,518</u>	<u>-</u>	<u>30,518</u>
Change in net assets	(2,164,719)	-	(2,164,719)	4,878,036	-	4,878,036
Net assets, beginning 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>
Net assets, end of year	<u>\$ 12,768,018</u>	<u>\$ -</u>	<u>\$ 12,768,018</u>	<u>\$ 14,932,737</u>	<u>\$ -</u>	<u>\$ 14,932,737</u>

See accompanying auditors' report and notes to financial statements

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ (2,164,719)	\$ 4,878,036
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,434	4,339
Other expense	120,000	-
Operating lease right-of-use assets	116,338	(58,134)
Operating lease liabilities	(116,338)	58,134
Changes in operating assets and liabilities:		
Inventories	(234,708)	569,984
Other receivables	(32,806)	(44,247)
Prepaid expenses	(330,772)	1,269
Pension assets	33,606	51,059
Leased deposit	(12,397)	(2,426)
Accounts payable	41,824	1,464
Accrued expenses	16,350	10,740
Payroll tax payable	(3,602)	720
Total adjustments	(386,071)	592,902
Net cash provided by (used in) operating activities	(2,550,790)	5,470,938
Cash Flows from Investing Activities:		
Purchase of investments	(3,026,813)	-
Purchase of land	-	(900,000)
Purchase of building	-	(600,599)
Net cash used in investing activities	(3,026,813)	(1,500,599)
Cash flows from financing activities:		
Proceeds from loan payable	-	910,000
Principal payment on long-term debt	(19,177)	(4,308)
Net cash provided by (used in) financing activities	(19,177)	905,692
Net cash increase (decrease) in cash	(5,596,780)	4,876,031
Cash at beginning of year	14,056,086	9,180,055
Cash at end of year	\$ 8,459,306	\$ 14,056,086
Supplemental Disclosures:		
Cash paid for interest	\$ 44,557	\$ 11,629
Lease liabilities arising from right-of-use assets	\$ 110,804	\$ 159,194

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" or the "Organization") 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.

Program Services

International Child & Community Development Program - The program aims to foster self-reliance for individuals affected by poverty and discrimination through the implementation of sustainable development initiatives. This program encompasses 208 community development projects across various nations, each aimed at empowering local populations via social and economic development activities. These activities are concentrated in key sectors such as education, health, water and sanitation, and income generation, with the goal of transforming communities and eradicating the cycle of poverty. The program provides essential support to children while promoting sustainable community development practices. This initiative ensures the protection of every child's fundamental right to survival, protection, development, and participation, thereby fostering long-term sustainability within the community.

Emergency Relief / Humanitarian Assistance - The Organization operated under the Emergency Relief / Humanitarian Assistance program, responding to a series of severe humanitarian crises that unfolded globally. These crises, characterized by devastating earthquakes, cyclones, and floods, severely impacted communities across the world.

In the year 2023, a severe drought in East Africa triggered widespread famine and heightened food insecurity. In response to these significant challenges, the Organization proactively extended its assistance beyond its usual Partnership Countries to include non-Partnership Countries such as Türkiye-Syria, Morocco, and Libya. Confronting these adversities, the Organization mobilized its resources to deliver assistance to those in dire need. In close collaboration with all GN Partnership Countries, the Organization allocated its budget to meet urgent humanitarian needs and to strengthen the resilience of communities confronting these catastrophic events.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization and Programs, Continued

Program Services, Continued

Social Economy Consultation - The Social Economy Consultation program is designed to strengthen the industry value chain and enhance the economic capabilities of producers by boosting productivity through financial services provided to marginalized communities and cooperatives without collateral. This initiative expands financial access for the marginalized and seeks to generate social benefits and value by fostering solidarity among cooperatives, financial service institutions, and social enterprises. The program supports market development for products produced by cooperatives under social business brands.

In the year 2023, the organization initiated social business opportunities, growth, and an enhanced focus on social impact. Cooperatives, in the agricultural sector, leveraged technologies to adapt to climate change which led to reduced costs and increased revenues, thereby facilitating growth among cooperative members. The Microfinance (MF) component of the program provided continuous support from various business units to ensure the continuation of these cooperative activities.

Fundraising program - The organization operates fundraising programs in 7 Core Alliance Countries worldwide (South Korea, the United States, Japan, Taiwan, Canada, Australia, and the United Kingdom). The Organization collaborates with Core Alliance Countries to enhance the visibility of the organization's brand and implement Fundraising Programs to raise funds.

In the year 2023, the organization provided consultation and financial support to aid in mid-to-long-term operations and fundraising, leveraging the strengths of each Core Alliance Country (excluding South Korea). This support included strategic matching with Partnership Countries to help with fundraising and promoting global marketing efforts to achieve the GN alliance's global goals through international development projects, emergency relief, and humanitarian aid in Support Countries.

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, depreciation, 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 and government grants. 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.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

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.

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.

In 2023, GPC updated its method of allocating program expenses to reflect the specific activities of its programs and services accurately, in line with alterations to the organizational business structure.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

Cash

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

Short-term investments

Short-term investments consist of certificates of deposit and the maturities of these investments do not exceed one year. Certificates of deposit approximate fair value, based on estimates using current market rates offered for deposits with similar remaining maturities.

Inventories

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, 2023 and 2022.

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, 2023 and 2022.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

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.

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, 2023 and 2022, 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, 2020 through 2022 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, 2019, which in the year of incorporation, through 2022 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

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, short-term investments, other receivables, 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, 2023, based on discounted cash flow analysis.

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.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

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, 2023 and 2022, GPC did not have any donor restrictions on its net assets.

Note 4 – Property and Equipment

	2023	2022
Land	\$ 900,000	\$ 900,000
Building and improvement	600,599	600,599
Automobiles	5,201	5,201
	1,505,800	1,505,800
Less: accumulated depreciation	(22,246)	(5,812)
Property and equipment, net	\$ 1,483,554	\$ 1,499,988

Depreciation expenses were \$16,434 and \$4,339, respectively, for the years ended December 31, 2023 and 2022.

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, 2023.

Total interest expenses were \$44,557 and \$11,626, respectively, for the years ended December 31, 2023 and 2022.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

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:

	2023	2022
GN Korea:		
General fund	\$ 67,185,617	\$ 67,909,928
Government grants	4,451,930	5,805,632
Total GN Korea	<u>71,637,547</u>	<u>73,715,560</u>
GN Global Impact Foundation:		
General fund	41,444	237,728
Government grants	744,648	407,351
Total GN Global Impact Foundation	<u>786,092</u>	<u>645,079</u>
GN Japan:		
General fund	525,888	462,201
Government grants	958,104	264,452
Total GN Japan	<u>1,483,992</u>	<u>726,653</u>
GN Taiwan:		
General fund	351,759	300,342
Government grants	84,117	-
Total GN Taiwan	<u>435,876</u>	<u>300,342</u>
GN USA	820,288	743,789
GN Canada	79,647	34,767
GN Australia	68,045	59,005
GN UK	<u>21,019</u>	<u>1,887</u>
Total general funds	<u>\$ 75,332,506</u>	<u>\$ 76,227,082</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 GN 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:

	2023	2022
International Child & Community Development:		
Africa:		
GN Tanzania	2,430,311	1,692,330
GN Ethiopia	2,487,164	2,968,221
GN Malawi	2,476,029	1,902,777
GN Rwanda	3,123,560	2,024,238
GN Kenya	3,049,014	1,995,705
GN Uganda	2,853,267	2,473,739
GN Chad	1,056,124	949,279
GN Zambia	1,314,862	1,737,118
GN Mozambique	1,654,527	1,506,985
GN Cameroon	1,266,447	1,059,318
GN Niger	991,623	872,398
GN Ghana	279,434	643,990
GN South Sudan	59,718	169,266
GN Burundi	55,000	-
GN Madagascar	58,197	36,833
Total Africa	23,155,277	20,032,197
Eastern Asia:		
GN Cambodia	4,245,027	3,489,050
GN Vietnam	3,742,503	2,992,540
GN Indonesia	2,925,151	2,948,806
GN Myanmar	1,772,160	669,746
GN Mongolia	2,667,158	2,111,768
GN Philippines	2,524,815	2,055,831
GN Laos	937,724	655,467
GN Thailand	767,154	292,297
GN China	999,936	1,889,988
GN Korea	40,000	-
Total Eastern Asia	20,621,628	17,105,493

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 6 - Related Party Transactions, Continued

Program Expenses, Continued

Western Asia:

GN Bangladesh	4,334,725	3,371,530
GN Tajikistan	2,166,644	2,155,834
GN Nepal	3,965,516	4,067,602
GN Afghanistan	470,277	829,351
GN India	332,535	237,281
GN Sri Lanka	603,428	361,407
GN Kyrgyz Republic	2,760,948	3,070,905
GN Uzbekistan	11,617	78,309
GN Pakistan	106,536	179,282
GN Jordan	607,601	315,577
Total Western Asia	<u>15,359,827</u>	<u>14,667,078</u>

Europe:

Geneva International Cooperation Office	136,462	-
GN Ukraine	17,600	-
GN Romania	740,351	1,503,634
Total Europe	<u>894,413</u>	<u>1,503,634</u>

Latin America:

GN Guatemala	3,628,227	3,102,801
GN Paraguay	1,628,401	2,543,183
GN Dominica Republic	1,317,902	1,703,766
GN Nicaragua	1,514,333	1,319,623
GN Haiti	142,202	697,497
GN Chile	445,000	540,534
GN El Salvador	984,298	734,749
GN MEXICO	337,477	379,384
Total Latin America	<u>9,997,840</u>	<u>11,021,537</u>

Total international child & community development	<u>\$ 70,028,985</u>	<u>\$ 64,329,939</u>
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GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 6 - Related Party Transactions, Continued

Program Expenses, Continued

	2023	2022
Emergency relief / Humanitarian assistance:		
GN Ethiopia	229,459	-
GN Kenya	306,293	-
GN Uganda	128,943	-
	<u>664,695</u>	<u>-</u>
Total emergency relief / humanitarian assistance	<u>\$ 664,695</u>	<u>\$ -</u>
	2023	2022
Social Economy Consultation:		
GN Global Impact Foundation	1,844,388	-
	<u>1,844,388</u>	<u>-</u>
Total social economy consultation	<u>\$ 1,844,388</u>	<u>\$ -</u>
	2023	2022
Fundraising support:		
GN USA	500,528	506,010
GN Japan	-	198,495
GN Canada	363,215	668,165
GN Australia	400,000	482,534
GN UK	302,831	348,488
GN Taiwan	350,000	374,550
	<u>1,916,574</u>	<u>2,578,242</u>
Total fundraising support	<u>\$ 1,916,574</u>	<u>\$ 2,578,242</u>
	2023	2022
Global offices support:		
Global Capacity Development Center	-	471,532
Geneva International Cooperation Office	-	250,921
GN Global Impact Foundation	-	1,949,898
	<u>-</u>	<u>2,672,351</u>
Total global offices support	<u>\$ -</u>	<u>\$ 2,672,351</u>

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

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. In the year 2023, the organization opted to diminish office lease agreements, as a cost-saving measure. The remaining lease was on a month-to-month basis. Total rent expenses under the related party lease were \$19,426 and \$57,771 for the years ended December 31, 2023 and 2022.

GPC's Korea branch renewed the lease agreement for its office from GN International in September 2023. Total rent expenses under the related party lease were \$57,771 and \$58,120 for the years ended December 31, 2023 and 2022, 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>
2024	\$ 57,651
2025	38,434
Total future lease payments	96,085
Less: present value discount	(559)
Operating lease liabilities	95,526
Less: short-term lease liabilities	(56,515)
Long-term lease liabilities	<u>\$ 39,011</u>

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 the expiration date. The lease was renewed on a month-to-month basis after the initial term. For the years ended December 31, 2023 and 2022, rental incomes were \$102,000 and \$8,500 respectively under the related party lease and were included as other income in the accompanying statements of activities.

Other Expense

In December 2023, GPC and GNU entered into an agreement to relieve the debt of \$120,000 owed by GNU. The execution of the settlement agreement discharges any indebtedness or other obligations of GNU owing to GPC as of December 31, 2023. As such, \$120,000 was included as a non-operating expense in the accompanying statements of activities.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

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, 2023, and 2022, the DB Plan's projected benefit obligations were \$472,265 and \$631,056 with the fair value of the plan assets of \$546,016 and \$738,413, leaving the Plan assets with amounts of \$73,751 and \$107,357. Total contributions to the plan for the years ended December 31, 2023 and 2022 were approximately \$8,615 and \$229,542, respectively.

Note 8 - Concentration of Credit Risk

GPC maintains its cash accounts and certificates of deposit 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, 2023, and 2022, the GPC's cash balances exceeding the maximum insured amount totaled \$10,102,511 and \$13,691,541, respectively.

A significant portion of GPC's revenue is concentrated on 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, 2023, 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, 2023 and 2022 for general expenditure are as follows:

Current assets	2023	2022
Cash and cash equivalents	\$ 8,459,306	\$ 14,056,086
Other receivables	52,393	139,587
Short-term investments	3,026,813	-

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, 2023, GPC did not have any pending legal actions.

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 11 - Functional Expenses

	Program expenses						Support services		
	Emergency relief / Humanitarian assistance	Social economy consultation	Fundraising countries support	International child rights support	Global partnership development	Program expenses subtotal	Mnagement and general	Total expense 2023	Total expense 2022
Program support	\$ 2,313,901	\$ 1,844,388	\$ 1,916,574	\$ 70,028,985	\$ -	\$ 76,103,848	\$ -	\$ 76,103,848	\$ 69,580,532
Global strategy development	-	-	-	-	89,779	89,779	-	89,779	102,139
Coordination for global governance	-	-	-	-	24,096	24,096	-	24,096	13,083
Partnership countries support	-	-	-	-	59,763	59,763	-	59,763	44,423
Global marketing	-	-	-	-	1,783	1,783	-	1,783	15,164
Network	-	-	-	-	8,771	8,771	-	8,771	3,306
Auto expenses	-	-	-	-	-	-	18,363	18,363	11,424
Bank charges & fees	-	-	-	-	-	-	217	217	-
Depreciation	-	-	-	-	-	-	16,434	16,434	1,040
Dues & subscriptions	-	-	-	-	-	-	4,298	4,298	4,532
Employee benefits	-	-	-	-	-	-	120,148	120,148	63,165
Insurance	-	-	-	-	-	-	73,558	73,558	78,408
Lease	-	-	-	-	-	-	77,197	77,197	83,867
Maintenance & repair	-	-	-	-	-	-	5,022	5,022	6,516
Miscellaneous expenses	-	-	-	-	-	-	13,011	13,011	26,351
Payroll expenses	-	-	-	-	-	-	1,024,315	1,024,315	1,210,209
Postage and shipping	-	-	-	-	-	-	769	769	1,294
Printing and copying	-	-	-	-	-	-	4,202	4,202	3,536
Professional fees	-	-	-	-	-	-	51,972	51,972	74,980
Supplies & materials	-	-	-	-	-	-	18,496	18,496	30,243
Travel & meeting expenses	-	-	-	-	-	-	26,177	26,177	21,298
Utilities	-	-	-	-	-	-	4,075	4,075	3,229
Business taxes	-	-	-	-	-	-	-	-	825
Total expenses after allocation	\$ 2,313,901	\$ 1,844,388	\$ 1,916,574	\$ 70,028,985	\$ 184,192	\$ 76,288,040	\$ 1,458,254	\$ 77,746,294	\$ 71,379,564

GOOD NEIGHBORS GLOBAL PARTNERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS

Note 12 - Subsequent Events

GPC has evaluated subsequent events through May 2, 2024, the date at which the financial statements were available to be issued and determined that there are no subsequent events that require disclosure.