

GENEROSITY GLOBAL INC

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

GENEROSITY GLOBAL INC

TABLE OF CONTENTS

December 31, 2020

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

February 9, 2022

Adam J. Baker, CPA
32508 Turkey Loop
Underwood, MN 56586

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Generosity Global Inc

We have audited the accompanying financial statements of Generosity Global Inc (a nonprofit organization), in the State of Maryland, which comprise the statement of Financial position as of December 31, 2020, the Statement of Activities and Statement of Cash Flows for the year then ended, and the related Notes to the Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United States of America. Management is also responsible 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1, these financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements and related notes referred to above present fairly, in all material respects, the Statement of Financial Position as of December 31, 2020, and the related Statement of Activities and Statement of Cash Flows for the year then ended.

Adam J Baker, CPA

Adam J. Baker, CPA

GENEROSITY GLOBAL INC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

Assets	
Current Assets	
Cash and Cash Equivalents	\$163,562
Total Assets	<u>\$163,562</u>
Liabilities	
Current Liabilities	
Accrued Payroll Liabilities	\$ 26,733
Total Current Liabilities	<u>26,733</u>
Long-term Liabilities	
Notes Payable	3,996
Total Long-term Liabilities	<u>3,996</u>
Total Liabilities	<u>\$ 30,729</u>
Net Assets	
Without Donor Restriction	
Undesignated	\$ 58,775
Total Without Donor Restriction	<u>58,775</u>
With Donor Restriction	
Designated	74,058
Total With Donor Restriction	<u>74,058</u>
Total Net Assets	<u><u>\$132,833</u></u>

GENEROSITY GLOBAL INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenue			
Contributions - Individual	\$ 160,552	\$ -	\$ 160,552
Contributions - Business	53,150	-	53,150
Foundation Grant	13,000	-	13,000
Total Operating Revenues	<u>226,702</u>	<u>-</u>	<u>226,702</u>
Operating Expenditures			
Program Services:			
Program Activities	127,917	-	127,917
Total Program Services	<u>127,917</u>	<u>-</u>	<u>127,917</u>
Supporting Services			
Management and General	39,726	-	39,726
Fundraising	13,244	-	13,244
Total Supporting Services	<u>52,970</u>	<u>-</u>	<u>52,970</u>
Total Expenditures	<u>180,887</u>	<u>-</u>	<u>180,887</u>
Change in Net Assets	45,815	-	45,815
Prior Period Adjustments	867	-	867
Net Assets - January 1, 2020	<u>\$ 12,093</u>	<u>\$ 74,058</u>	<u>\$ 86,151</u>
Net Assets - December 31, 2020	<u><u>\$ 58,775</u></u>	<u><u>\$ 74,058</u></u>	<u><u>\$ 132,833</u></u>

**GENEROSITY GLOBAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Cash Flow from Operating Activities	
Excess Expenditures over Revenues	\$ 45,815
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Inventory, at cost	1,237
Accounts Payable	(1,500)
Line of Credit	(2,488)
Accrued Payroll Liabilities	26,733
Net cash provided by operating activities	<u>\$ 69,797</u>
Cash Flow from Financing Activities	
Note Payable	3,996
Net cash provided by financing activities	<u>\$ 3,996</u>
Net cash increase for period	\$ 73,793
Prior period adjustment	867
Cash at beginning of period	88,902
Cash at end of period	<u><u>\$ 163,562</u></u>

GENEROSITY GLOBAL INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Generosity Global Inc (the “Organization”) is a not-for-profit corporation organized under the laws of the State of Maryland. The Organization’s purpose is to improve the quality of life for people in need around the world. The organization has programs that impact lives in both the United States and Sub-Saharan Africa, which focus on providing showers and food to the homeless, as well as a program with a mission to provide clean drinking water to people in rural villages. The Organization is supported primarily through contributions and is headquartered in Columbia, Maryland.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

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

Contributions

The Organization receives contributions primarily from individuals and businesses. Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restriction.

Merchandise Sales Revenue

Merchandise sales revenue is earned by the Organization in the form of fundraising product sales. Net revenues after costs of merchandise sold are less than 1% of the total raised for the year.

Credit Risks

The Organization’s credit risks primarily relate to cash and cash equivalents. The Organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000. The Organization has not experienced any such losses and management believes the Organization is not exposed to significant credit risk pertaining to cash.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no donor-imposed restrictions of a perpetual nature at December 31, 2019. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the Statement of Activities. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. Other shared costs have been allocated among the programs and supporting services benefited based on management's estimate of the relative effort expended for the related functions.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

Recent Accounting Pronouncements

On June 21, 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which applies to all entities that receive or make contributions. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a "barrier or hurdle" that the recipient must overcome to be entitled to the resources, and (2) releases the donor from its obligation to transfer resources (or if assets are advanced, a right to demand their return) if the barrier or hurdle is not achieved. An agreement that contains both is a conditional contribution. An agreement that omits one or both is unconditional. No new disclosures are required. For grants/contributions made, donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/release) to determine whether gifts or grants are conditional or unconditional.

For federal and other government grants, the ASU clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal grants as donor-restricted conditional contributions, rather than as exchange transactions (the prevalent practice today). An accommodation ("simultaneous release" option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today.

For transactions in which a non-public entity serves as a resource recipient, the entity should apply the amendments in this ASU on contributions received to annual periods beginning after December 15, 2018. For transactions in which a non-public entity serves as a resource provider, the entity should apply the amendments in this ASU on contributions made to annual periods beginning after December 15, 2019. Early adoption of the amendments is permitted. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

Date of Management’s Review

The Organization evaluated its December 31, 2021 financial statements for subsequent events through February 9, 2022, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Cash	\$	159,901
Less: amounts restricted for certain purposes		<u>74,058</u>
Total	\$	<u>85,843</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Normal operating expenses per month are, on average, approximately \$3,000.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Contributions to the Organization are made primarily through the Organization’s website, in which donors are prompted to elect which of the Organization’s programs they would like their funds to be allocated to. These funds are entirely and permanently restricted to operations of the Organization in those programs (Clean Water, Showers, and Food). Donations received through unrestricted grants, as well as proceeds from merchandise or event ticket sales, are free of any donor restrictions.

NOTE 4 – COMMITMENTS

The Organization has operating lease agreements for office space and storage space. The agreement for office space requires fixed monthly payments and is renewable on a month-to month basis with a 30-day advanced notice requirement for termination. The agreement for storage space requires fixed monthly payments and is renewable on a month-to month basis with a 10-day advanced notice requirement for termination. As such, there are no material future lease obligations as of December 31, 2021. Total rent expense for office space and storage rental leases amounted to \$6,118 for the year ended December 31, 2021.