

SOCIAL GOOD FUND, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Social Good Fund, Inc.,
Oakland, California

We have audited the accompanying financial statements of Social Good Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

(1)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Social Good Fund, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Social Good Fund, Inc.'s 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant & Smith, LLP

Oakland, California
July 6, 2020

(2)



GRANT & SMITH, LLP
Certified Public Accountants

SOCIAL GOOD FUND, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
(Summarized Totals for 2018)

ASSETS	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Current Assets				
Cash & Cash Equivalents	\$ 2,268,416	\$ 14,450,528	\$ 16,718,944	\$ 11,128,268
Accounts Receivable		2,830,724	2,830,724	2,006,191
Prepaid Expenses	6,430	46,198	52,628	34,455
Other		15,986	15,986	4,145
Total Current Assets	2,274,846	17,343,436	19,618,282	13,173,059
Non-Current Assets				
Deposits		9,074	9,074	5,099
Fixed Assets	95,000		95,000	
Real Estate for Sale		4,270,000	4,270,000	2,715,000
Total Non-Current Assets	95,000	4,279,074	4,374,074	2,720,099
TOTAL ASSETS	\$ 2,369,846	\$ 21,622,510	\$ 23,992,356	\$ 15,893,158
LIABILITIES & NET ASSETS				
Current Liabilities				
Accounts Payable	\$ 450	\$ 370,486	\$ 370,936	\$ 163,345
Accrued Liabilities	64,965	196,050	261,015	218,806
Total Current Liabilities	65,415	566,536	631,951	382,151
Long-Term Liabilities				
Loans Payable		4,192,299	4,192,299	2,812,250
Total Long-Term Liabilities		4,192,299	4,192,299	2,812,250
Total Liabilities	65,415	4,758,835	4,824,250	3,194,401
Net Assets				
Total Net Assets	2,304,431	16,863,675	19,168,106	12,698,757
TOTAL LIABILITIES & NET ASSETS	\$ 2,369,846	\$ 21,622,510	\$ 23,992,356	\$ 15,893,158

See accompanying notes.

SOCIAL GOOD FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(Summarized Totals for 2018)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue				
Support		\$ 23,201,042	\$ 23,201,042	\$ 19,765,894
Admin Fee	\$ 1,963,199		1,963,199	1,374,507
Program Services	68,878	4,049,183	4,118,061	2,138,414
Investments (Net)	5,200		5,200	
Interest Income	116,220		116,220	
Other Income	13,128		13,128	
Net Assets Released From Restrictions	21,693,544	(21,693,544)		(1,374,507)
 Total Revenue	 23,860,169	 5,556,681	 29,416,850	 21,904,308
 Operating Expenses				
Programs	21,704,093		21,704,093	14,812,026
General & Administrative	1,243,408		1,243,408	729,426
 Total Expenses	 22,947,501		 22,947,501	 15,541,452
 CHANGE IN NET ASSETS	 912,668	 5,556,681	 6,469,349	 6,362,856
 NET ASSETS, BEGINNING OF THE YEAR	 <u>1,391,763</u>	 <u>11,306,994</u>	 <u>12,698,757</u>	 <u>6,335,901</u>
 NET ASSETS, END OF THE YEAR	 <u>\$ 2,304,431</u>	 <u>\$ 16,863,675</u>	 <u>\$ 19,168,106</u>	 <u>\$ 12,698,757</u>

See accompanying notes.

SOCIAL GOOD FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(Summarized Totals for 2018)

	2019		2018	
	Management & General	Custodial & TRNA	TOTAL	TOTAL
EXPENSES				
Personnel Expenses	\$ 789,871	\$ 7,151,425	\$ 7,941,296	\$ 3,842,380
Project Expenditures		2,977,128	2,977,128	3,046,110
SG Program Supplies	81,121		81,121	31,570
SGF Admin Fees	1,392	4,036	5,428	3,440
Professional Fees	261,718	4,940,247	5,201,965	3,912,936
Stipend		408,224	408,224	146,812
Office Supplies & Expenses	4,932	12,385	17,317	14,693
Computer Expenses/ Software	35,218	16,105	51,323	10,973
Events				3,667
Travel and Entertainment	19,453	434,055	453,508	84,069
Utilities	3,483	88,608	92,091	41,856
Rent & Occupancy Expense	18,968	414,395	433,363	402,251
Maintenance & Repair Supplies		332	332	1,042
Insurance	18,583	59,081	77,664	49,726
Bank & Online Transaction Fees	7,379	86,787	94,166	58,319
Grants		2,865,434	2,865,434	2,077,729
Donation Expense		1,782,305	1,782,305	1,580,465
Advertising/Promotional	1,290	606	1,896	6,061
Interest				1,285
Sale of Assets		15,275	15,275	212,644
Depreciation		447,665	447,665	13,424
TOTAL EXPENSES	\$ 1,243,408	\$ 21,704,093	\$ 22,947,501	\$ 15,541,452

See accompanying notes.

SOCIAL GOOD FUND, INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2019
(Summarized Totals for 2018)

	2019	2018
Cash Flow From Operating Activities:		
Changes in Net Assets	\$ 6,469,349	\$ 6,362,856
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation		13,425
(Increases)/Decreases in Operating Assets:		
Accounts Receivable	(824,533)	(2,006,191)
Prepaid expenses	(18,173)	(10,183)
Deposits	(3,975)	(5,099)
Other	(11,841)	(4,145)
Increases/(Decreases) in Operating Liabilities:		
Accounts Payable	207,591	163,345
Accrued Liabilities	42,209	64,318
Net Cash Provided (Used) by Operating Activities	5,860,627	4,578,326
Cash Flows From Investing Activities:		
(Purchases)/Sale of Fixed Assets	(1,650,000)	(2,723,839)
Net Cash Provided (Used) by Investing Activities	(1,650,000)	(2,723,839)
Cash Flows From Financing Activities:		
Loan Payable	1,380,049	2,812,250
Net Cash Provided (Used) by Financing Activities	1,380,049	2,812,250
Net Increase in Cash	5,590,676	4,666,737
Cash at the Beginning of the Year	11,128,268	6,461,531
Cash at the End of the Year	\$ 16,718,944	\$ 11,128,268
<i>Supplement disclosure for cash flow information:</i>		
Cash paid for:		
Interest	\$ 15,275	\$ 1,285
Tax	\$	

See accompanying notes.

SOCIAL GOOD FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Social Good Fund, Inc., (the Organization) is a California nonprofit organization that's primary purpose is to cultivate and establish positive influences.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when rights to receive are earned, or when services have been provided and expenditures are recorded when obligation to pay is incurred.

Financial Statement Presentation

As required, the accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of net assets and transactions into the following classes of assets:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time, or be maintained permanently by the Organization

The Organization uses net assets with donor restrictions in accordance with donor-imposed restrictions to support specific programs and associated administrative functions. Net assets without donor restrictions are used to support general programs and associated general and administrative functions.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SOCIAL GOOD FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the balance sheets and statement of cash flows, the Organization considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired, to be cash equivalents.

Fair Value of Financial Instruments

The carrying amounts of cash equivalents are at approximate fair values due to the short-term maturities of these instruments.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise tax under section 23701(d) of the Revenue and Taxation Code. Accordingly, no provisions for income or franchise taxes have been made. The Organization has been determined by the Internal Revenue Service to be classified as a publicly supported organization as described in Section 509 (a)(1) of the Internal Revenue Code.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Organization's returns for years 2017 through 2019 are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

Functional Expense Reporting

The costs of providing the Organization's programs have been summarized on a functional basis in these financial statements. Based on management estimates, costs have been allocated between programs and supporting services as they relate to those functions.

SOCIAL GOOD FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Summarized Information for 2018

The financial information for the fiscal year ended December 31, 2018, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation. This information has been reclassified to conform to current year presentation.

NOTE 2 - CASH & CASH EQUIVALENTS

The balance as of December 31, 2019, consisted of:

Chase	\$ 6,364,871
Stone Castle Savings	8,487,208
Self-Help Federal Credit Union	1,029,747
Wells Fargo	336,583
PEX Card	132,660
Flipcause	283,113
Paypal	84,762
Total	<u>\$ 16,718,944</u>

As of December 31, 2019, \$7,014,314, held in financial institutions exceeded the federal insurance coverage.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures without donor restrictions or other restrictions limiting their use, within one year of December 31, 2019 are:

Financial Assets	
Cash	\$ 16,718,944
Accounts Receivable	<u>2,830,724</u>
Total Financial Assets	19,549,668
Less: Cash/Accounts Receivable with Donor Restrictions	<u>(17,281,252)</u>
Amount Available Within One Year	<u>\$ 2,268,416</u>

SOCIAL GOOD FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

The organization has policies to structure its financial assets to be available for general expenditures, liabilities, and other obligations come due. The organization invests excess cash in savings accounts.

NOTE 4 – NOTE PAYBLE

As of December 31, 2019, note payable are as follow:

Zion First National Bank	\$ 1,361,549
Pelican Summit 3 LLC	950,000
Stacey S Olgado	1,030,000
Other	850,750
Total	<u>\$ 4,192,299</u>

Due to the nature of Social Good Fund. Inc.'s operations, the organization maintains a complex debt structure relative to the properties it maintains. During the purchase and sale period the principal payments are "frozen," while interest accrues. When the property is sold, the interest is taken off the sale price, and the entirety of the absorbed principal then gets passed on to the new buyer and their loan agreement. Below is a summary, by property, of the notes payable and terms of the debt.

Property/Description

Cape Breton Dr

Zion First National Bank: \$1,361,549 at 4.87% per annum variable interest, secured by Deed of Trust.

Pelican Summit 3 LLC: \$950,000 at 6% per annum variable interest, secured by Deed of Trust.

Stacey S Olgado: \$1,030,000 at 6% per annum variable interest, secured by Deed of Trust.

Total for Cape Breton St. \$3,341,549

Runnymade St.

Loan 1 \$475,750 @ 2.85% per annum variable interest, secured by Deed of Trust.

SOCIAL GOOD FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 4 – NOTE PAYABLE (Continued)

Loan 2: \$250,000 at 10% per annum variable interest, secured by Deed of Trust.

Loan 3: \$125,000 at 6% per annum variable interest, secured by Deed of Trust.

Total for Clarence Court \$850,750

NOTE 5 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions are as follows:

Custodial TRNA	\$ 21,693,544
Total	<u>\$ 21,693,544</u>

NOTE 6 –NET ASSETS WITH DONOR RESTRICTIONS

Net assets balance as of December 31, 2019 for with donor restrictions represents the unspent portions of grants recorded as current year's increases to net asset balances in accordance with the requirements of *Accounting for Contributions Received and Contributions Made*. These funds are restricted in use for the next fiscal year for the purpose set forth in the grant document.

Custodial TRNA	\$ 16,863,675
Total	<u>\$ 16,863,675</u>

NOTE 7 - SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period from its year end December 31, 2019, through July 6, 2020, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.