

GOODS FOR GOOD, INC.
COMPARATIVE FINANCIAL STATEMENTS
AND
ACCOMPANYING INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Goods for Good, Inc.

We have audited the accompanying statement of financial position of Goods for Good, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Goods for Good, Inc. as of December 31, 2007, were audited by other auditors whose report dated May 29, 2008, expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the December 31, 2008 financial statements referred to above present fairly, in all material respects, the financial position of Goods for Good, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of functional expenses on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, N.Y.
August 14, 2009

Adelman Katz + Mond LLP

GOODS FOR GOOD, INC.

COMPARATIVE STATEMENTS OF FINANCIAL POSITION
(See Independent Auditors' Report)

DECEMBER 31,

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 149,371	\$ 18,031
Pledges receivable	170,200	247,776
Inventory	730,319	635,064
Prepaid expenses	<u>1,435</u>	<u>1,816</u>
Total Current Assets	<u>1,051,325</u>	<u>902,687</u>
OTHER ASSETS		
Vehicles (net of depreciation)	10,000	-0-
Construction in process	<u>-0-</u>	<u>11,443</u>
Total Other Assets	<u>10,000</u>	<u>11,443</u>
	<u>\$ 1,061,325</u>	<u>\$ 914,130</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ <u>1,749</u>	\$ <u>2,426</u>
NET ASSETS		
Unrestricted	899,376	678,588
Temporarily restricted	<u>160,200</u>	<u>233,116</u>
Total Net Assets	<u>1,059,576</u>	<u>911,704</u>
	<u>\$ 1,061,325</u>	<u>\$ 914,130</u>

See notes to comparative financial statements.

GOODS FOR GOOD, INC.

COMPARATIVE STATEMENTS OF ACTIVITIES
(See Independent Auditors' Report)

FOR THE YEARS ENDED DECEMBER 31,

	Unrestricted	Temporarily Restricted	2008 Total	Unrestricted	Temporarily Restricted	2007 Total
SUPPORT AND REVENUE						
Contributions	\$ 528,717	\$ -0-	\$ 528,717	\$ 251,248	\$ 143,116	\$ 394,364
Sales	8,925	-0-	8,925	-0-	-0-	-0-
Interest income	29	-0-	29	13	-0-	13
	<u>537,671</u>	<u>-0-</u>	<u>537,671</u>	<u>251,261</u>	<u>143,116</u>	<u>394,377</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of program restrictions	72,916	(72,916)	-0-	30,000	(30,000)	-0-
	<u>610,587</u>	<u>(72,916)</u>	<u>537,671</u>	<u>281,261</u>	<u>113,116</u>	<u>394,377</u>
EXPENSES						
Distributed goods	104,737	-0-	104,737	105,252	-0-	105,252
Personnel	92,559	-0-	92,559	36,994	-0-	36,994
Transportation	40,251	-0-	40,251	7,353	-0-	7,353
Rent	39,969	-0-	39,969	26,748	-0-	26,748
Program grants	33,956	-0-	33,956	-0-	-0-	-0-
Office and warehouse supplies	19,362	-0-	19,362	1,930	-0-	1,930
Professional services	18,114	-0-	18,114	12,724	-0-	12,724
Promotional activities	17,319	-0-	17,319	15,072	-0-	15,072
Shipping	16,827	-0-	16,827	17,326	-0-	17,326
Insurance	2,565	-0-	2,565	2,805	-0-	2,805
Registration and subscriptions	1,319	-0-	1,319	765	-0-	765
Depreciation	2,500	-0-	2,500	-0-	-0-	-0-
Other	321	-0-	321	2,244	-0-	2,244
	<u>389,799</u>	<u>-0-</u>	<u>389,799</u>	<u>229,213</u>	<u>-0-</u>	<u>229,213</u>
CHANGES IN NET ASSETS						
	220,788	(72,916)	147,872	52,048	113,116	165,164
NET ASSETS - BEGINNING OF YEAR	<u>678,588</u>	<u>233,116</u>	<u>911,704</u>	<u>626,540</u>	<u>120,000</u>	<u>746,540</u>
NET ASSETS - END OF YEAR	<u>\$ 899,376</u>	<u>\$ 160,200</u>	<u>\$ 1,059,576</u>	<u>\$ 678,588</u>	<u>\$ 233,116</u>	<u>\$ 911,704</u>

See notes to comparative financial statements.

GOODS FOR GOOD, INC.

COMPARATIVE STATEMENTS OF CASH FLOWS
(See Independent Auditors' Report)

FOR THE YEARS ENDED DECEMBER 31,

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 147,872	\$ 165,164
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,500	-0-
Changes in assets and liabilities:		
Pledges receivable	77,576	(117,625)
Inventory	(95,255)	(19,828)
Prepaid expenses	380	(1,766)
Accounts payable	(676)	2,425
Net Cash Provided by Operating Activities	<u>132,397</u>	<u>28,370</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of vehicles, net of sales	(12,500)	-0-
Construction in process	<u>11,443</u>	(11,443)
Net Cash Used in Investing Activities	<u>(1,057)</u>	<u>(11,443)</u>
NET INCREASE IN CASH	131,340	16,927
CASH - BEGINNING OF YEAR	<u>18,031</u>	<u>1,104</u>
CASH - END OF YEAR	<u>\$ 149,371</u>	<u>\$ 18,031</u>

See notes to comparative financial statements.

GOODS FOR GOOD, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS

DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Goods For Good, Inc. (the "Organization") is a non-profit organization established in 2006 and formed solely for charitable and educational purposes. As an institution, Goods For Good, Inc. is committed to seeking out surplus goods in the United States for targeted distribution to children affected by humanitarian crises in the developing world. These goods include educational materials, clothing, health and hygiene products and other basic staples. The Organization provides essential support to schools, community centers and orphanages in developing countries. By partnering with local institutions, Goods For Good, Inc. contributes to the sustainable care of disadvantaged and vulnerable children, helping them to become resources for themselves and their communities.

The Organization has been determined by the Internal Revenue Service to be a publicly supported charitable organization as described in Section 170(b)(1)(a)(vi), 501(c)(3) of the Internal Revenue Code. The Organization relies upon public support from business entities and individuals alike.

Basis of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting. Legally enforceable pledges less an allowance for uncollectible amounts, if any, are recorded as receivable in the year made.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Fixed Assets

Fixed assets are recorded in the financial statements at cost. Significant improvements and betterments made to fixed assets are capitalized, whereby incidental repairs are expensed. Depreciation is provided for in the financial statements based upon the estimated useful lives of the corresponding assets.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term debt securities with a maturity of three months or less to be cash equivalents.

GOODS FOR GOOD, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable

The pledges receivable of \$170,200 at December 31, 2008 are expected to be fully collected and represent future funds to be received. Pledges receivable, both conditional and unconditional, are recognized upon initial receipt of funds.

Once the Organization is reasonably assured as to the validity of pledges, as evidenced by initial collection, it recognizes the balance of the pledge in the current period. The Organization treats pledges receivable as temporarily restricted support. Once pledges are actually collected they are reclassified as unrestricted support.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these amounts.

Inventory

The Organization accounts for the donation of goods and other in-kind donations as unrestricted contributions at the value assigned to them by the respective donor organizations, which approximates lower of cost or market valuation. All donated goods are added to inventory until they are distributed to programs and accounted for as a distributed goods expense on the statement of activities.

Donated Office and Warehouse Space

The Organization uses office and warehouse space that has been donated to the Organization. The estimated value of this space for the year ended December 31, 2008 is \$26,748 and has been included in these financial statements as both a contribution and offsetting rent expense.

Additionally, a number of unpaid volunteers and board members have made contributions of their time to develop the Organization. The contributed time, the fair market value of which, has not been reflected in these financial statements.

2. CONCENTRATIONS

The Organization received approximately 55% of its unrestricted revenue from related parties. Additionally, deposits at a bank exceed the FDIC limit for depositor protection purposes.

GOODS FOR GOOD, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2008

3. PLEDGES RECEIVABLE

The collection of pledges receivable due from contributors over the next five years are as follows:

2009	\$ 64,200
2010	62,000
2011	64,200
2012	2,000
2013	<u>-0-</u>
	<u>\$ 170,200</u>

4. CONSTRUCTION IN PROCESS

In 2007, in partnership with private donors, the Organization engaged a Malawian contractor to construct a community based childcare center near Lilongwe, Malawi. After its completion, the center was donated to the Tiyambe Nawo Community Based Organization, a grantee of the Organization. In 2008, the Organization contributed \$22,513 towards the construction for a total contribution of \$33,956. The Organization's 2008 financial statements reflect this donation to Tiyambe Nawo as a program grant. All incurred costs for the construction of the center were donated for the specific use of constructing the center.

GOODS FOR GOOD, INC.

STATEMENT OF FUNCTIONAL EXPENSES
(See Independent Auditors' Report)

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Operations</u>	<u>Management and Administration</u>	<u>Fundraising and Development</u>	<u>Total</u>
Distributed goods	\$ 104,737	\$ -0-	\$ -0-	\$ 104,737
Personnel	73,311	11,786	7,462	92,559
Travel and events	34,174	377	5,700	40,251
Rent	24,231	2,477	13,261	39,969
Program grants	33,956	-0-	-0-	33,956
Office and warehouse supplies	13,816	1,766	3,780	19,362
Professional services	3,058	15,056	-0-	18,114
Promotional activities	12,693	-0-	4,626	17,319
Shipping	16,827	-0-	-0-	16,827
Insurance	910	1,655	-0-	2,565
Registration and subscriptions	876	443	-0-	1,319
Depreciation	2,500	-0-	-0-	2,500
Other	46	11	264	321
	<u>\$ 321,135</u>	<u>\$ 33,571</u>	<u>\$ 35,093</u>	<u>\$ 389,799</u>