



**Davis Memorial Goodwill Industries
(d/b/a Goodwill of Greater Washington)
and Subsidiaries**

**Consolidated Financial Statements and
Supplementary Information**

*For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)*



**and
Report Thereon**



**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

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For the Year Ended December 31, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Goodwill of Greater Washington and Subsidiaries

Opinion

We have audited the consolidated financial statements of Davis Memorial Goodwill Industries (d/b/a Goodwill of Greater Washington) (GGW) and subsidiaries Best Kept Buildings (BKB) and The Goodwill Excel Center, Public Charter School (GEC) (collectively referred to as Goodwill), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Goodwill as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Goodwill and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Goodwill's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 Goodwill'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Goodwill'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Summarized Comparative Information

We have previously audited Goodwill's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Washington, DC
May 10, 2023

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2022
(With Summarized Financial Information as of December 31, 2021)**

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 13,712,777	\$ 12,789,251
Receivables	2,847,995	2,698,677
Inventory	958,663	976,154
Prepaid expenses and other	2,360,018	2,283,173
Investments	7,316,507	8,742,399
Investments – deferred compensation plan	977,735	1,099,598
Property and equipment, net	12,166,731	9,648,527
Right of use asset – operating	52,705,090	-
Right of use asset – finance	310,779	-
Deposits	534,964	538,819
	<u>\$ 93,891,259</u>	<u>\$ 38,776,598</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,208,381	\$ 2,554,032
Accrued payroll and related liabilities	2,373,178	3,634,016
Contract liabilities and deposits	1,899,842	1,462,550
Lease liability – operating	63,201,770	-
Lease liability – finance	328,535	-
Deferred rent and lease incentive	-	7,376,314
Deferred compensation obligations	977,735	1,099,598
Capital lease obligations	-	407,313
Note payable	-	137,871
	<u>70,989,441</u>	<u>16,671,694</u>
Net Assets		
Without donor restrictions	22,147,483	21,284,966
With donor restrictions	754,335	819,938
	<u>22,901,818</u>	<u>22,104,904</u>
TOTAL NET ASSETS	<u>22,901,818</u>	<u>22,104,904</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 93,891,259</u>	<u>\$ 38,776,598</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
OPERATING REVENUE AND SUPPORT				
Revenue:				
Donated goods sales	\$ 50,370,757	\$ -	\$ 50,370,757	\$ 46,166,117
Service contracts	12,636,611	-	12,636,611	11,971,779
Per pupil funding	9,431,741	-	9,431,741	8,282,622
Other income	7,153	-	7,153	21,169
	72,446,262	-	72,446,262	66,441,687
Support:				
Contributions – donated goods	13,278,829	-	13,278,829	11,096,324
Contributions and grants – other	1,649,701	308,500	1,958,201	2,225,530
Government grant – PPP loan	-	-	-	1,995,000
Legacies and bequests	45,000	-	45,000	102,640
Net assets released from restrictions:				
Satisfaction of purpose restrictions	374,103	(374,103)	-	-
	87,793,895	(65,603)	87,728,292	81,861,181
TOTAL OPERATING REVENUE AND SUPPORT				
OPERATING EXPENSES				
Program Services:				
Retail program	59,526,571	-	59,526,571	53,380,340
Service contracts	10,423,573	-	10,423,573	9,603,776
Education program	8,665,876	-	8,665,876	6,796,501
Workforce development	1,838,971	-	1,838,971	1,935,683
	80,454,991	-	80,454,991	71,716,300
Supporting Services:				
Management and general	4,145,747	-	4,145,747	4,044,821
Fundraising	950,792	-	950,792	1,011,383
	5,096,539	-	5,096,539	5,056,204
	85,551,530	-	85,551,530	76,772,504
TOTAL OPERATING EXPENSES				
Change in net assets from operations	2,242,365	(65,603)	2,176,762	5,088,677
NONOPERATING ACTIVITIES				
Investment (loss) income	(1,379,848)	-	(1,379,848)	899,290
CHANGE IN NET ASSETS	862,517	(65,603)	796,914	5,987,967
NET ASSETS, BEGINNING OF YEAR	21,284,966	819,938	22,104,904	16,116,937
NET ASSETS, END OF YEAR	\$ 22,147,483	\$ 754,335	\$ 22,901,818	\$ 22,104,904

The accompanying notes are an integral part of these consolidated financial statements.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)**

	Program Services				Supporting Services			2022 Total	2021 Total	
	Retail Program	Service Contracts	Education Program	Workforce Development	Total Program Services	Management and General	Fundraising			Total Supporting Services
Personnel Expenses:										
Salaries	\$ 22,521,682	\$ 6,357,228	\$ 5,075,385	\$ 969,302	\$ 34,923,597	\$ 2,053,420	\$ 418,934	\$ 2,472,354	\$ 37,395,951	\$ 34,279,311
Employee benefits	3,603,680	2,040,374	66,870	202,286	5,913,210	340,107	82,743	422,850	6,336,060	6,057,492
Total Personnel Expenses	26,125,362	8,397,602	5,142,255	1,171,588	40,836,807	2,393,527	501,677	2,895,204	43,732,011	40,336,803
Cost of sales – donated goods	13,291,780	-	-	-	13,291,780	-	-	-	13,291,780	11,017,126
Occupancy	9,804,055	179,342	1,217,346	206,768	11,407,511	516,926	179,342	696,268	12,103,779	10,693,897
Other expenses	1,004,623	106,736	751,922	57,030	1,920,311	91,367	18,116	109,483	2,029,794	1,608,801
Depreciation, amortization and loss on disposal of assets	960,106	58,463	655,409	6,208	1,680,186	204,636	44,583	249,219	1,929,405	1,847,224
Supplies	1,126,223	519,935	101,558	7,707	1,755,423	23,956	1,920	25,876	1,781,299	1,521,273
Professional fees	902,722	172,955	217,998	32,522	1,326,197	295,586	65,186	360,772	1,686,969	1,388,608
Utilities	1,250,994	1,659	(8,702)	10,336	1,254,287	4,782	1,659	6,441	1,260,728	1,207,595
Auctions	1,203,886	-	-	-	1,203,886	-	-	-	1,203,886	1,399,233
Bank service charges	880,761	-	5,410	-	886,171	41,163	10,897	52,060	938,231	810,520
Postage and shipping	649,798	2,234	2,185	45	654,262	5,041	15,129	20,170	674,432	622,857
Equipment rental and maintenance	525,516	49,433	4,432	778	580,159	14,095	3,678	17,773	597,932	580,131
Advertising	105,117	30,906	48,711	39,720	224,454	292,414	1,418	293,832	518,286	369,750
Subcontractors	133,560	244,959	-	89,708	468,227	16,063	-	16,063	484,290	186,415
Telephone	236,558	57,153	114,947	12,688	421,346	20,425	6,412	26,837	448,183	416,060
SourceAmerica commissions	-	446,264	-	-	446,264	-	-	-	446,264	432,044
Insurance	280,686	37,520	76,834	7,511	402,551	41,741	1,861	43,602	446,153	455,805
Maintenance and repairs	356,637	14,809	46,681	6,513	424,640	15,352	5,325	20,677	445,317	409,186
Software maintenance	131,259	31,211	59,774	71,480	293,724	6,667	24,521	31,188	324,912	347,958
Taxes, licenses and permits	112,766	9,679	105,420	455	228,320	5,406	474	5,880	234,200	254,362
Dues	70,678	12,836	46,181	22,915	152,610	46,636	34,318	80,954	233,564	211,730
Vehicles – rentals and maintenance	199,767	29,415	57	25	229,264	51	37	88	229,352	200,033
Printing and publications	78,796	8,204	25,568	3,610	116,178	38,617	27,522	66,139	182,317	193,324
Travel	82,135	10,120	22,535	16,120	130,910	17,997	4,438	22,435	153,345	109,996
Student transportation stipends	-	-	12,863	74,314	87,177	-	-	-	87,177	86,971
Special events	472	71	16,492	166	17,201	46,607	212	46,819	64,020	9,214
Interest and other fees	4,897	2,067	-	764	7,728	6,692	2,067	8,759	16,487	29,032
Cost of sales – purchased goods	7,417	-	-	-	7,417	-	-	-	7,417	26,556
TOTAL EXPENSES	\$ 59,526,571	\$ 10,423,573	\$ 8,665,876	\$ 1,838,971	\$ 80,454,991	\$ 4,145,747	\$ 950,792	\$ 5,096,539	\$ 85,551,530	\$ 76,772,504

The accompanying notes are an integral part of these consolidated financial statements.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 796,914	\$ 5,987,967
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,808,947	1,847,224
Amortization of right of use assets	8,904,290	-
Unrealized and realized losses (gains) on investments	1,521,603	(796,879)
Losses on disposal of assets	120,458	-
Changes in assets and liabilities:		
Receivables	(149,318)	(521,094)
Inventory	17,491	(67,591)
Prepaid expenses and other	(76,845)	(111,392)
Deposits	3,855	43,135
Accounts payable and accrued expenses	(194,989)	(979,250)
Accrued payroll and related liabilities	(1,260,838)	(135,539)
Contract liabilities and deposits	437,292	290,693
Lease liability	(8,797,013)	-
Deferred rent and lease incentive	-	(58,900)
Deferred compensation obligations	(121,863)	213,780
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,009,984	5,712,154
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,147,731	1,257,419
Purchases of investments	(1,121,579)	(1,578,640)
Purchases of property and equipment	(1,895,961)	(1,272,938)
NET CASH USED IN INVESTING ACTIVITIES	(1,869,809)	(1,594,159)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(137,871)	(188,202)
Principal payments on financing lease	(78,778)	(75,982)
NET CASH USED IN FINANCING ACTIVITIES	(216,649)	(264,184)
NET INCREASE IN CASH AND CASH EQUIVALENTS	923,526	3,853,811
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,789,251	8,935,440
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,712,777	\$ 12,789,251
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid and other fees	\$ 16,487	\$ 29,032
NONCASH TRANSACTIONS		
Noncash investing activities:		
Property and equipment purchases in accounts payable	\$ 192,546	\$ 343,208
Leasehold improvements paid directly by landlord	\$ 3,013,089	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

1. Organization and Summary of Significant Accounting Policies

Organization

Davis Memorial Goodwill Industries (d/b/a Goodwill of Greater Washington) (GGW) opened in Washington, D.C., in 1935 as a provider of quality service programs to those in need with support and/or training necessary to assume a self-sufficient role in their community. Goodwill is a publicly supported organization exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3), except for unrelated business income. GGW's operations are financed primarily through fees earned from custodial contracts; income earned from the operation of contributed goods thrift shops; and contributions from private foundations, corporations and individuals.

GGW's wholly owned for-profit subsidiary, Best Kept Buildings (BKB), provides custodial and other services under commercial contracts. BKB was initially incorporated in 1994 and commenced its current business operations in 2004.

The Goodwill Excel Center, Public Charter School (GEC) was formed on February 23, 2015. The goal of the school is to provide Washington, D.C., adult residents the opportunity and support to earn a high school diploma and post-secondary education while developing career paths that present greater employment and career growth opportunities.

Principles on Consolidation

The consolidated financial statements include the accounts of GGW, BKB and GEC (collectively referred to as Goodwill). The organizations are consolidated due to the existence of effective control and an economic interest, per accounting principles generally accepted in the United States of America (GAAP). All intercompany transactions and balances are eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements have been prepared in accordance with GAAP using the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with initial maturities of three months or less.

Receivables

Goodwill uses the allowance method to record receivables at their net realizable value.

Inventory

Inventory consists of donated and purchased goods. Donated goods are originally recorded in the accompanying consolidated financial statements at their estimated fair value, using an inventory calculation model developed by Goodwill Industries International, Inc. Slow-moving inventory is periodically assessed for impairment, if any, and adjusted to net realizable value.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

1. Organization and Summary of Significant Accounting Policies (continued)

Inventory (continued)

The donated items require processing in preparation for retail sale. The costs related to this processing, and the turnover of donated goods inventory, is included as retail program expense in the accompanying consolidated statement of activities.

Investments

Investments consist of exchange-traded funds, mutual funds, money market funds, and a certificate of deposit. These investments are recorded in the accompanying consolidated financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains and losses are determined by comparison of fair value at the beginning and end of the reporting period and are included in investment income in the accompanying consolidated statement of activities.

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, Goodwill has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy attributes the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Goodwill has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's assumptions that a market participant would use in pricing the asset or liability.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

As of and for the year ended December 31, 2022, only Goodwill's investments, as described in Notes 3 and 4 of these consolidated financial statements, were measured at fair value on a recurring basis.

Property and Equipment and Related Depreciation and Amortization

All acquisitions of property and equipment in excess of \$1,000 with an economic life of more than 12 months are capitalized and recorded at cost. Depreciation and amortization are recorded using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives.

Furniture and equipment	3 to 10 years
Buildings and improvements	5 to 20 years
Software	3 to 10 years
Vehicles and transportation equipment	3 to 7 years

Leasehold improvements are amortized over the remaining life of the lease. Assets in process are stated at cost and are not depreciated until the assets are complete and placed in service. Maintenance and repairs are expensed as incurred. Significant renewals and betterments are capitalized. At the time assets are retired or otherwise disposed of, the property and related accumulated depreciation and amortization accounts are relieved of the applicable amounts and any gain or loss is credited or charged to revenue or expense.

Impairment of Long-Lived Assets

Goodwill reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended December 31, 2022.

Right of Use Asset and Lease Liability

Goodwill determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. The ROU asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using Goodwill's estimated incremental borrowing rate or implicit rate, when readily determinable, and is adjusted for lease incentives. The ROU asset is amortized on a straight-line basis over the lease term and is reflected as lease expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to lease expense for the difference. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

The net assets of Goodwill are classified as follows:

- *Without donor restrictions* – Net assets that are not subject to any donor-imposed stipulations or other legal limitations and are available for support of Goodwill's operations.
- *With donor restrictions* – Net assets subject to donor-imposed stipulations that may be used for a particular purpose or within a specific time period.

Revenue and Support Recognition

Revenue from the sale of inventory is recognized as donated goods sales at the point in time of the sale. Any store credits or gift cards which have been issued, but not redeemed, are included in contract liabilities and deposits in the accompanying consolidated statement of financial position.

Revenue from service contracts is primarily related to fixed-price contracts with the federal government and other local agencies. These contracts contain a single performance obligation, and revenue under these contracts is recognized over time as the customer receives the benefit from the services, and there is an enforceable right to payment. Revenue recognized on firm fixed-price contracts for which payments have not been received is reflected as receivables in the accompanying consolidated statement of financial position. Any contract payments received in advance of satisfying the performance obligations are included in contract liabilities and deposits in the accompanying consolidated statement of financial position.

Per pupil funding represents the per pupil student allocation and facility allowance from the District of Columbia, as well as federal entitlement funding, to pay for the academic services of the students attending GEC. Revenue is recognized over the course of the school year as academic services are provided to students. Per pupil funding received in advance of when revenue is earned is included in contract liabilities and deposits in the accompanying consolidated statement of financial position.

Unconditional grants and contributions are recognized as revenue and support in the accounting period in which they are received or when an unconditional promise to give is made. Unconditional contributions are considered available for general expenditure unless specifically restricted by a donor. Amounts that are designated for future periods or restricted by the donor for a specific purpose are reported as grants and contributions with donor restrictions in the accompanying statement of activities. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and released from restriction. Unconditional grants and contributions that are received and spent in the same year are included as grants and contributions without donor restrictions in the accompanying consolidated statement of activities. Unconditional grants or contributions that have been committed to Goodwill, but have not been received as of year-end, are reflected as

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition (continued)

receivables in the accompanying statement of financial position. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their present value using appropriate discount rates. Amortization of the discount is recorded as additional contribution or grant support and is used in accordance with donor-imposed restrictions, if any, on the contributions or grants.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Donated Support

Goodwill's policy for donated goods is to monetize such goods upon receipt and processing, primarily through resale at its various retail store locations and its e-commerce site. Any donated goods that cannot be sold through its retail operations are sold to its salvage partners, or disposed of. Donated goods are valued at their estimated fair value using a valuation model designed to value donated thrift items. The valuation model considers Goodwill's internal costs to process and ready the donated goods as inputs to estimate the fair value, which is included in contributions – donated goods in the accompanying consolidated statement of activities.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated financial statements. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimates of time and effort. Overhead costs such as occupancy costs are allocated based on square footage. Selected other expenses are allocated based on the program's proportionate share of expenses, while expenses for other supporting services are allocated based on headcount.

Definition of Operations

Operating revenue and expenses generally reflect those revenues and expenses that are an integral part of the programs and supporting activities of Goodwill and exclude investment income (loss).

Estimates

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

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires, all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and liability to make lease payments to be recorded. Goodwill elected not to restate the comparative period. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASU 2016-02 resulted in the recognition of right-of-use assets for its office lease of \$48,964,341 (net of existing deferred rent and tenant improvement allowances of \$10,495,845) and operating lease liabilities of \$59,460,186 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with Goodwill's historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on Goodwill's results of operations and cash flows.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. Goodwill adopted ASU 2020-07 retrospectively on January 1, 2021. The adoption of the standard did not result in a material change to the financial statements.

2. Receivables

Receivables consisted of the following as of December 31, 2022:

U.S. government prime contracts	\$ 1,812,056
Donated goods sales	737,296
Tenant allowance reimbursement	126,779
Contributions and grants	120,114
Commercial contracts	9,216
Other	<u>42,534</u>
Total Receivables	<u>\$ 2,847,995</u>

All receivables are deemed fully collectible and are anticipated to be received within one year.

As of December 31, 2022, Goodwill had conditional contributions related to cost reimbursable grants in the amount of \$170,294 that have not been recognized. The conditions upon which they depend had not been met and qualifying expenditures had not been incurred.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

3. Investments

Investments are stated at fair value and consisted of the following as of December 31, 2022:

Exchange-traded funds:	
Equities	\$ 3,951,932
Fixed-income	591,639
Mutual funds:	
Fixed-income	1,592,264
Equities	248,919
Money market funds	719,353
Certificate of deposit	<u>212,400</u>
Total Investments	<u>\$ 7,316,507</u>

The certificate of deposit serves as collateral for Goodwill's letter of credit (see Note 10).

At December 31, 2022, investments totaling \$977,735 were held in segregated accounts to fund Goodwill's deferred compensation obligations to certain key employees. These investments are recorded as investments – deferred compensation plan in the consolidated statement of financial position.

A summary of investment income is as follows for the year ended December 31, 2022:

Interest and dividends, net	\$ 141,755
Realized gain	87,969
Unrealized loss	<u>(1,609,572)</u>
Investment Loss, Net	<u>\$ (1,379,848)</u>

4. Fair Value Measurement

The following table summarizes Goodwill's assets and liabilities measured at fair value on a recurring basis as of December 31, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Exchange-traded funds	\$ 4,543,571	\$ 4,543,571	\$ -	\$ -
Mutual funds	1,841,183	1,841,183	-	-
Money market funds	719,353	719,353	-	-
Certificate of deposit	<u>212,400</u>	<u>-</u>	<u>212,400</u>	<u>-</u>
Total Investments	<u>\$ 7,316,507</u>	<u>\$ 7,104,107</u>	<u>\$ 212,400</u>	<u>\$ -</u>

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

4. Fair Value Measurement (continued)

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets (continued):				
Investments – deferred compensation plan:				
Mutual funds	\$ 470,212	\$ 470,212	\$ -	\$ -
Annuity contracts	<u>43,188</u>	<u>-</u>	<u>43,188</u>	<u>-</u>
Subtotal Investments – Deferred Compensation Plan	513,400	<u>\$ 470,212</u>	<u>\$ 43,188</u>	<u>\$ -</u>
Pooled separate accounts	<u>464,335</u>			
Total Investments – Deferred Compensation Plan	<u>\$ 977,735</u>			
Liabilities:				
Deferred compensation obligations	<u>\$ (977,735)</u>	<u>\$ -</u>	<u>\$ (977,735)</u>	<u>\$ -</u>

Exchange-traded funds, mutual funds, and money market funds – Value derived from the net asset value (NAV) of shares held at year-end and based on quoted market prices in active markets.

Certificate of deposit – Valued at cost plus accrued interest.

Annuity contracts – Value determined by discounting the related cash flows on current yields of similar investments with comparable duration, considering the creditworthiness of the issuer.

Pooled Separate Accounts – Valued based on NAV as a practical expedient, as reported by the manager of the pooled separate accounts, and as supported by the unit prices of actual purchase and sale transactions occurring as of or close to the financial statement date. In terms of ability to redeem funds, the redemption frequency, if currently eligible, is daily and there is no redemption notice period.

Deferred compensation obligations – Valued based on fair value of the underlying deferred compensation plan assets.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

5. Property and Equipment

The following property and equipment was held as of December 31, 2022:

Leasehold improvements	\$ 12,364,008
Furniture and equipment	9,443,991
Buildings and improvements	4,818,679
Land	1,218,700
Software	1,015,474
Vehicles and transportation equipment	583,889
Assets in process	<u>424,700</u>
Total Property and Equipment	29,869,441
Less: Accumulated Depreciation and Amortization	<u>(17,702,710)</u>
Property and Equipment, Net	<u>\$ 12,166,731</u>

As of December 31, 2022, assets in process included costs related to improvements on leased space and building redevelopment costs that had not yet been completed or placed into service. Accordingly, no depreciation or amortization expense is reported for these costs for the year ended December 31, 2022.

Depreciation and amortization expense totaled \$1,808,947, for the year ended December 31, 2022 and is included in depreciation, amortization and loss of disposal of assets in the accompanying statement of functional expenses.

6. Right-of-Use Asset and Lease Liability

Operating Leases

Goodwill evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Goodwill's right to use underlying assets for the lease term, and the lease liabilities represent Goodwill's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Goodwill has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Goodwill leases real property for its stores, warehouse, education center and administrative offices under several noncancelable leases, the last of which expires in July 2035. The organization has twenty-seven real estate leases. Some leases have options for renewal, at Goodwill's option, for which management is not reasonably certain to exercise. Therefore, the payments associated with those extensions are not included in the ROU asset nor the lease liability recognized as of December 31, 2022.

For the year ended December 31, 2022, total operating lease cost was \$9,618,982. Cash paid for operating leases for the year ended December 31, 2022 totaled \$9,469,923.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

6. Right-of-Use Asset and Lease Liability (continued)

Operating Leases (continued)

Weighted average lease term and discount rate as December 31, 2022 were as follows:

Weighted average remaining lease term	8.1 years
Weighted average discount rate	1.82%

The maturities of operating lease liabilities as of December 31, 2022 were as follows:

<u>For the Year Ending</u> <u>December 31,</u>		
2023		\$ 10,295,786
2024		10,581,306
2025		9,442,981
2026		7,630,929
2027		6,462,489
Thereafter		<u>23,747,104</u>
Total		68,160,595
Less: Present Value Discount		<u>(4,958,825)</u>
Lease Liability		<u>\$ 63,201,770</u>

Finance Leases

Goodwill leases vehicles through finance leases. The lease terms range from three to seven years with expiration dates through November 30, 2026, and have a cost of \$569,509 and accumulated depreciation of \$258,730 as of December 31, 2022.

As of December 31, 2022, the future minimum lease payments due under Goodwill's finance leases were as follows:

<u>For the Year Ending</u> <u>December 31,</u>		
2023		\$ 92,220
2024		92,220
2025		92,220
2026		<u>75,609</u>
Subtotal		352,269
Less: Portion Representing Interest		<u>(23,734)</u>
Total		<u>\$ 328,535</u>

Interest expense related to finance leases totaled \$13,442 and is included in interest and other fees in the accompanying consolidated statement of functional expenses for the year ended December 31, 2022.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

7. Line of Credit

Goodwill has a \$5,000,000 revolving line of credit with Truist Bank that matures on August 31, 2024, with interest at a rate equal to the one-month London Interbank Offered Rate Index Rate, plus 1.85% (which was 6.07% as of December 31, 2022). The line of credit is automatically drawn upon as funds are needed and automatically repaid as funds are available in the operating cash accounts held at Truist Bank. There were no borrowings and repayments and no interest expense during the year ended December 31, 2022. The line of credit is unsecured and requires Goodwill to comply with certain financial and nonfinancial covenants. As of December 31, 2022, Goodwill was in compliance with financial covenants and there was no balance outstanding on the line of credit.

8. Note Payable

On July 16, 2012, Goodwill entered into a \$1,623,664 debt agreement with Truist to refinance its existing debt agreement and reduce its interest rate to 4.1%. The note requires monthly interest and principal payments of \$16,516 through August 1, 2022, at which time the principal balance will be paid in full. The note is secured by a deed of trust on Goodwill's real property and requires Goodwill to comply with, among other provisions, certain financial and nonfinancial covenants and restrictions on future borrowings. As of December 31, 2022, Goodwill was in compliance with the financial covenants and there was no outstanding balance on the note.

Interest expense related to this note totaled \$2,308 and is included in interest and other fees in the accompanying consolidated statement of functional expenses for the year ended December 31, 2022.

9. Risks, Commitments and Contingencies

Child Development Center

On August 3, 2021, GEC entered into an agreement with the Young Men's Christian Association of Metropolitan Washington to operate an on-site child development center at GEC's two school buildings located in Washington, D.C. The agreement expired on June 30, 2022, and GEC exercised its first option of four additional, one-year terms to extend the lease term through June 30, 2023. In accordance with the terms of the Second Amendment, the fee for the 2022-23 school year will be determined based on two factors: (1) whether GEC opens the child development center in its 1201 Maryland Ave SW location during 2022-23; and (2) the number of rooms in the child development center at the 1776 G Street location that are open. Based on the current number of rooms open at the 1776 G Street NW location, GEC estimates total payments to the YMCA for the 2022-2023 school year of \$608,316.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

9. Risks, Commitments and Contingencies (continued)

Employment Contracts

Effective January 1, 2014, Goodwill entered into an employment contract with its President and Chief Executive Officer (CEO). The contract was amended and restated effective January 1, 2019, to continue for a period of five years through December 31, 2023. Thereafter, the parties will mutually agree whether to extend or renew the agreement. In the event of termination without cause, the President and CEO will receive pay equal to 12 months' base salary.

10. Letter of Credit

As of December 31, 2022, Goodwill had a \$212,400 letter of credit from Truist Bank that is provided pursuant to a Guarantee and Suretyship Agreement for a workers' compensation captive that Goodwill left in 2008 but that contains post-termination obligations that expire no later than September 30, 2017, or upon the payment in full by the captive of all deficit amounts for the years Goodwill was a member of the captive. This letter of credit renews annually in February and requires Goodwill to pay an annual fee equal to 1% of the outstanding balance.

As of December 31, 2022, Goodwill had a \$207,723 Irrevocable Standby Letter of Credit from Truist Bank pursuant to a real estate lease agreement security deposit requirement. This letter of credit automatically renews for 12 months from August 1, 2024, the date of expiration, and requires Goodwill to pay an annual fee of 1% of the outstanding balance.

11. Net Assets With Donor Restriction

Net assets with donor restriction as of December 31, 2022 totaled \$754,335 was for the purpose of workforce development programs.

12. Availability and Liquidity

Goodwill regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. Goodwill's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2022, were as follows:

Cash and cash equivalents	\$ 13,712,777
Receivables	2,847,995
Investments	<u>7,316,507</u>
Total Financial Assets	23,877,279
Less:	
Amounts with donor purpose restrictions	(754,335)
Amounts restricted as collateral for letter of credit (see Note 10)	<u>(212,400)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 22,910,544</u></u>

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

12. Availability and Liquidity (continued)

Goodwill has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Goodwill throughout the year through monitoring and reviewing Goodwill's cash flow needs on an ongoing basis. As a result, management is aware of the cyclical nature of the cash flow related to Goodwill's various funding sources and is, therefore, able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and exchange traded funds. Goodwill's investments can be readily liquidated and are therefore available to meet current cash flow needs. To help manage unanticipated liquidity needs, Goodwill has a \$5,000,000 unsecured revolving line of credit with Truist Bank that matures on August 31, 2024.

13. Operating Lease Agreement and Membership Interests

On July 31, 2014, Goodwill entered into a 10-year operating lease agreement for building space located in Forestville, Maryland. In connection with the agreement, Goodwill was granted up to a 17.55% nonvoting subordinated ownership interest in Cryden Partners, LLC and Cryden Center, LLC (collectively the Cryden Center), subject to a vesting schedule. The Cryden Center is the owner of the property (the building space). The ownership interest was issued and granted in accordance with the following schedule:

<u>Required Event</u>	<u>Ownership Interest</u>
December 31, 2014	8.77%
Upon exercise of first renewal option	4.34%
Upon exercise of second renewal option	4.34%

Goodwill was not required to make a capital contribution to the Cryden Center nor will it be required to do so in the future, based on the operating agreements. Goodwill will not be allocated any losses for any tax year. Goodwill's interest in the Cryden Center may be forfeited, if there is a termination of the operating space lease agreement, as a result of default by Goodwill or if the Cryden Center takes possession of the property by recapture as a result of Goodwill's default. For the year ended December 31, 2022, Goodwill did not receive allocated income, deductions, credits and other items, as it relates to its interest in the Cryden Center.

14. Significant Customers

During the year ended December 31, 2022, approximately 99% of service contracts income was earned through contracts with agencies of the federal government. Revenue from service contracts with federal agencies totaled \$12,575,695 for the year ended December 31, 2022.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

15. Donated Support

During the year ended December 31, 2022, Goodwill recognized support from donated goods with an estimated fair value of \$13,278,829, of which \$958,399 is included in inventory at December 31, 2022 as reported in the accompanying consolidated statement of financial position. These items are reported as contributions - donated goods and retail program expenses in the accompanying consolidated statement of activities. There were no donor-imposed restrictions associated with the donated goods.

16. Retirement Plans

Defined Contribution Plan

Goodwill has a group tax-deferred annuity plan available for its employees. Participation is voluntary, and contributions to the plan are funded by employee salary deductions and employer matching contributions. Employees may elect voluntary deferrals from salary by payroll deduction on a pre-tax basis up to the amount allowed by federal law. Plan contributions totaled \$370,145 for the year ended December 31, 2022, and are included in employee benefits in the accompanying consolidated statement of functional expenses.

Deferred Compensation Plan

Goodwill has a 457(b) deferred compensation plan (the Plan) covering highly compensated employees. The Plan is funded by employer matching contributions in accordance with regulations established under Section 457(b) of the IRC. The funds for the Plan are held in segregated accounts for each participant and are invested by the trustees, as directed by the plan participants and as permitted by the 457(b) eligible deferred compensation trust documents. As of December 31, 2022, deferred compensation assets and the related liability totaled \$977,735 and are included in the accompanying consolidated statement of financial position.

17. Income Taxes

GGW and GEC are publicly supported organizations exempt from federal income tax under IRC Section 501(c)(3), except for unrelated business income. For the year ended December 31, 2022, there was no substantial unrelated business income and, consequently, no provision for income taxes has been made.

BKB is subject to federal and state income taxes. At December 31, 2022, BKB had net operating loss carryforwards aggregating to approximately \$10,184,000. Of this amount, approximately \$6,000,000 relates to 2017 and earlier, is fully available to offset future income, and expires in 2024 through 2037. The remaining net operating loss carryforwards of approximately \$4,184,000 relate to 2018 and later, are available to offset 80% of future taxable income and do not expire. No deferred tax asset has been recorded for these cumulative net operating loss carryforwards, as management believes that the future taxable income required to realize such a deferred tax asset is uncertain at this time.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

17. Income Taxes (continued)

Goodwill performed an evaluation of uncertainty in income taxes for the year ended December 31, 2022, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of December 31, 2022, the statute of limitations remained open with the U.S. federal jurisdiction and the various states and local jurisdictions in which Goodwill files tax returns, there are currently no examinations pending or in progress. It is Goodwill's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2022, Goodwill had no accrual for interest and/or penalties.

18. Prior Year Summarized Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Goodwill's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

19. Reclassification

Certain reclassifications to the prior year financial statements have been made to conform to the current year presentation.

20. Subsequent Events

In preparing these consolidated financial statements, Goodwill has evaluated events and transactions, for potential recognition or disclosure, through May 10, 2023, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2022**

	Goodwill of Greater Washington	Best Kept Buildings	The Goodwill Excel Center, Public Charter School	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 1,817,632	\$ 43,112	\$ 11,852,033	\$ -	\$ 13,712,777
Receivables	3,231,056	9,804	126,779	(519,644)	2,847,995
Intercompany receivable	9,750,419	-	-	(9,750,419)	-
Inventory	958,663	-	-	-	958,663
Prepaid expenses and other	2,120,948	6,937	232,133	-	2,360,018
Investments	7,316,507	-	-	-	7,316,507
Investments – deferred compensation plan	977,735	-	-	-	977,735
Property and equipment, net	7,450,775	-	4,718,940	(2,984)	12,166,731
Right of use assets – operating	44,705,680	-	7,999,410	-	52,705,090
Right of use assets – finance	310,779	-	-	-	310,779
Deposits	471,706	-	63,258	-	534,964
TOTAL ASSETS	<u>\$ 79,111,900</u>	<u>\$ 59,853</u>	<u>\$ 24,992,553</u>	<u>\$ (10,273,047)</u>	<u>\$ 93,891,259</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	\$ 1,786,049	\$ 10,122	\$ 931,854	\$ (519,644)	\$ 2,208,381
Intercompany payables	-	9,750,419	-	(9,750,419)	-
Accrued payroll and related liabilities	1,786,088	459,153	127,937	-	2,373,178
Contract liabilities and deposits	262,546	-	1,637,296	-	1,899,842
Lease liability – operating	50,226,046	-	12,975,724	-	63,201,770
Lease liability – finance	328,535	-	-	-	328,535
Deferred compensation obligations	977,735	-	-	-	977,735
TOTAL LIABILITIES	<u>55,366,999</u>	<u>10,219,694</u>	<u>15,672,811</u>	<u>(10,270,063)</u>	<u>70,989,441</u>
Net Assets					
Without donor restrictions	22,990,566	(10,159,841)	9,319,742	(2,984)	22,147,483
With donor restrictions	754,335	-	-	-	754,335
TOTAL NET ASSETS	<u>23,744,901</u>	<u>(10,159,841)</u>	<u>9,319,742</u>	<u>(2,984)</u>	<u>22,901,818</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 79,111,900</u>	<u>\$ 59,853</u>	<u>\$ 24,992,553</u>	<u>\$ (10,273,047)</u>	<u>\$ 93,891,259</u>

See independent auditors' report on supplementary information.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2022**

	Goodwill of Greater Washington	Best Kept Buildings	The Goodwill Excel Center, Public Charter School	Eliminations	Total
OPERATING REVENUE AND SUPPORT					
Revenue:					
Donated goods sales	\$ 50,370,757	\$ -	\$ -	\$ -	\$ 50,370,757
Service contracts	12,614,351	22,260	-	-	12,636,611
Per pupil funding	-	-	9,431,741	-	9,431,741
Contract service income	2,438,796	9,912,975	-	(12,351,771)	-
Other income	6,255	-	898	-	7,153
Total Revenue	65,430,159	9,935,235	9,432,639	(12,351,771)	72,446,262
Support:					
Contributions – donated goods	13,278,829	-	-	-	13,278,829
Contributions and grants – other	1,614,265	-	343,936	-	1,958,201
Legacies and bequests	45,000	-	-	-	45,000
TOTAL OPERATING REVENUE AND SUPPORT	80,368,253	9,935,235	9,776,575	(12,351,771)	87,728,292
OPERATING EXPENSES					
Program Services:					
Retail program	59,994,778	9,364,130	-	(9,832,337)	59,526,571
Service contracts	10,339,550	107,230	-	(23,207)	10,423,573
Education program	700,274	-	7,966,170	(568)	8,665,876
Workforce development	1,838,971	-	-	-	1,838,971
Total Program Services	72,873,573	9,471,360	7,966,170	(9,856,112)	80,454,991
Supporting Services:					
Management and general	4,055,726	1,388,409	1,197,839	(2,496,227)	4,145,747
Fundraising	950,792	-	-	-	950,792
Total Supporting Services	5,006,518	1,388,409	1,197,839	(2,496,227)	5,096,539
TOTAL OPERATING EXPENSES	77,880,091	10,859,769	9,164,009	(12,352,339)	85,551,530
Change in net assets from operations	2,488,162	(924,534)	612,566	568	2,176,762
NONOPERATING ACTIVITIES					
Investment loss	(1,379,848)	-	-	-	(1,379,848)
CHANGE IN NET ASSETS	1,108,314	(924,534)	612,566	568	796,914
NET ASSETS, BEGINNING OF YEAR	22,636,587	(9,235,307)	8,707,176	(3,552)	22,104,904
NET ASSETS, END OF YEAR	\$ 23,744,901	\$ (10,159,841)	\$ 9,319,742	\$ (2,984)	\$ 22,901,818

See independent auditors' report on supplementary information.