



**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, 2020  
(With Summarized Financial Information for the Year Ended December 31, 2019)*



**and  
Report Thereon**



**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

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For the Year Ended December 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying 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, 2020, 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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## **Opinion**

In our opinion, the 2020 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goodwill as of December 31, 2020, 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.

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited Goodwill's 2019 consolidated financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated May 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 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.

*Marcum LLP*

Washington, DC  
May 11, 2021

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2020  
(With Summarized Financial Information as of December 31, 2019)**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,935,440	\$ 10,223,667
Receivables	2,177,583	3,279,881
Inventory	908,563	1,226,272
Prepaid expenses and other	2,171,781	1,858,591
Investments	7,838,079	7,637,631
Investments – deferred compensation plan	885,818	718,943
Property and equipment, net	9,879,605	10,437,122
Deposits	581,954	430,969
TOTAL ASSETS	<b>\$ 33,378,823</b>	<b>\$ 35,813,076</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,190,074	\$ 1,720,251
Accrued payroll and related liabilities	3,769,555	2,480,729
Contract liabilities and deposits	1,171,857	1,608,631
Deferred rent and lease incentive	7,435,214	7,007,391
Deferred compensation obligations	885,818	718,943
Capital lease obligations	483,295	603,278
Note payable	326,073	506,624
TOTAL LIABILITIES	17,261,886	14,645,847
<b>Net Assets</b>		
Without donor restrictions	15,114,537	21,112,229
With donor restrictions	1,002,400	55,000
TOTAL NET ASSETS	16,116,937	21,167,229
TOTAL LIABILITIES AND NET ASSETS	<b>\$ 33,378,823</b>	<b>\$ 35,813,076</b>

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, 2020  
(With Summarized Financial Information for the Year Ended December 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>OPERATING REVENUE AND SUPPORT</b>				
Revenue:				
Donated goods sales	\$ 30,201,763	\$ -	\$ 30,201,763	\$ 43,850,737
Service contracts	11,638,538	-	11,638,538	11,332,317
Per pupil funding	7,549,159	-	7,549,159	7,369,072
Other income	11,194	-	11,194	161,407
Total Revenue	49,400,654	-	49,400,654	62,713,533
Support:				
Contributions – donated goods	9,484,505	-	9,484,505	12,232,592
Contributions – other	1,794,746	1,025,000	2,819,746	1,777,046
Grants	72,712	-	72,712	268,832
Legacies and bequests	60,000	-	60,000	164,676
Net assets released from restrictions:				
Satisfaction of purpose restrictions	77,600	(77,600)	-	-
<b>TOTAL OPERATING REVENUE         AND SUPPORT</b>	<b>60,890,217</b>	<b>947,400</b>	<b>61,837,617</b>	<b>77,156,679</b>
<b>OPERATING EXPENSES</b>				
Program Services:				
Retail program	45,525,920	-	45,525,920	50,953,075
Service contracts	9,588,989	-	9,588,989	9,196,073
Education program	6,115,475	-	6,115,475	6,169,650
Workforce development	2,144,096	-	2,144,096	2,672,222
Total Program Services	63,374,480	-	63,374,480	68,991,020
Supporting Services:				
Management and general	3,216,115	-	3,216,115	3,792,166
Fundraising	1,007,578	-	1,007,578	1,054,275
Total Supporting Services	4,223,693	-	4,223,693	4,846,441
<b>TOTAL OPERATING EXPENSES</b>	<b>67,598,173</b>	<b>-</b>	<b>67,598,173</b>	<b>73,837,461</b>
Change in net assets from operations	(6,707,956)	947,400	(5,760,556)	3,319,218
<b>NONOPERATING ACTIVITIES</b>				
Investment income	710,264	-	710,264	1,184,379
<b>CHANGE IN NET ASSETS</b>	(5,997,692)	947,400	(5,050,292)	4,503,597
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>21,112,229</b>	<b>55,000</b>	<b>21,167,229</b>	<b>16,663,632</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 15,114,537</b>	<b>\$ 1,002,400</b>	<b>\$ 16,116,937</b>	<b>\$ 21,167,229</b>

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, 2020  
(With Summarized Financial Information for the Year Ended December 31, 2019)**

	Program Services				Supporting Services			2020 Total	2019 Total	
	Retail Program	Service Contracts	Education Program	Workforce Development	Total Program Services	Management and General	Fundraising			Total Supporting Services
Personnel Expenses:										
Salaries	\$ 16,159,445	\$ 5,952,679	\$ 4,142,181	\$ 1,261,767	\$ 27,516,072	\$ 874,103	\$ 517,704	\$ 1,391,807	\$ 28,907,879	\$ 31,642,524
Employee benefits	3,445,280	2,128,704	84,030	373,600	6,031,614	162,391	121,617	284,008	6,315,622	5,962,125
<b>Total Personnel Expenses</b>	<b>19,604,725</b>	<b>8,081,383</b>	<b>4,226,211</b>	<b>1,635,367</b>	<b>33,547,686</b>	<b>1,036,494</b>	<b>639,321</b>	<b>1,675,815</b>	<b>35,223,501</b>	<b>37,604,649</b>
Occupancy	8,367,978	111,830	447,570	238,005	9,165,383	728,868	111,762	840,630	10,006,013	9,658,610
Cost of sales – donated goods	9,805,147	-	-	-	9,805,147	-	-	-	9,805,147	12,048,441
Depreciation, amortization and loss on disposal of assets	942,406	133,313	336,832	11,721	1,424,272	370,819	117,188	488,007	1,912,279	1,503,728
Supplies	1,043,239	437,889	112,103	7,751	1,600,982	56,259	2,474	58,733	1,659,715	1,586,056
Other expenses	857,533	68,178	232,678	35,420	1,193,809	33,050	8,669	41,719	1,235,528	1,903,345
Professional fees	440,928	94,068	154,887	16,317	706,200	521,080	15,466	536,546	1,242,746	1,016,161
Auctions	918,113	-	-	-	918,113	-	-	-	918,113	1,318,112
Utilities	860,137	14	36,800	7,275	904,226	5,956	14	5,970	910,196	1,188,421
Bank service charges	502,375	3,443	6,678	785	513,281	5,562	13,506	19,068	532,349	816,798
Postage and shipping	483,198	2,196	3,003	280	488,677	6,227	6,802	13,029	501,706	851,198
Telephone	228,486	61,042	124,733	21,443	435,704	33,677	6,047	39,724	475,428	358,646
SourceAmerica commissions	-	419,876	-	-	419,876	-	-	-	419,876	413,204
Equipment rental and maintenance	364,190	13,962	4	260	378,416	3,615	243	3,858	382,274	614,291
Software maintenance	148,547	43,690	51,895	62,797	306,929	9,146	23,145	32,291	339,220	318,287
Maintenance and repairs	263,247	10,249	26,371	5,861	305,728	12,305	3,476	15,781	321,509	366,467
Insurance	195,138	32,614	42,715	8,246	278,713	31,643	1,954	33,597	312,310	317,065
Advertising	10,334	3,763	44,192	1,088	59,377	207,203	84	207,287	266,664	356,700
Taxes, licenses and permits	75,580	8,140	115,543	10,146	209,409	20,033	1,186	21,219	230,628	187,566
Dues	22,677	11,014	72,982	20,870	127,543	53,710	31,651	85,361	212,904	219,736
Printing and publications	70,005	6,683	33,325	1,002	111,015	36,011	18,512	54,523	165,538	162,890
Vehicles – rentals and maintenance	150,918	11,743	-	-	162,661	519	-	519	163,180	180,546
Subcontractors	77,965	26,957	-	40,946	145,868	4,718	-	4,718	150,586	323,881
Travel	54,380	2,880	7,657	5,573	70,490	6,202	2,431	8,633	79,123	156,175
Student transportation stipends	-	-	35,773	9,795	45,568	-	-	-	45,568	187,075
Interest and other fees	16,333	4,011	357	2,866	23,567	14,742	3,493	18,235	41,802	31,365
Cost of sales – purchased goods	22,238	-	-	-	22,238	-	-	-	22,238	54,440
Special events	103	51	3,166	282	3,602	18,276	154	18,430	22,032	46,353
In-kind services	-	-	-	-	-	-	-	-	-	47,255
<b>TOTAL EXPENSES</b>	<b>\$ 45,525,920</b>	<b>\$ 9,588,989</b>	<b>\$ 6,115,475</b>	<b>\$ 2,144,096</b>	<b>\$ 63,374,480</b>	<b>\$ 3,216,115</b>	<b>\$ 1,007,578</b>	<b>\$ 4,223,693</b>	<b>\$ 67,598,173</b>	<b>\$ 73,837,461</b>

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, 2020  
(With Summarized Financial Information for the Year Ended December 31, 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (5,050,292)	\$ 4,503,597
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,747,980	1,489,333
Unrealized gains on investments	(576,971)	(1,103,303)
Losses on disposal of assets	164,299	14,395
Changes in assets and liabilities:		
Receivables	1,102,298	(621,827)
Inventory	317,709	(177,808)
Prepaid expenses and other	(313,190)	(81,267)
Deposits	(150,985)	8,316
Accounts payable and accrued expenses	1,469,823	421,811
Accrued payroll and related liabilities	1,288,826	192,406
Contract liabilities and deposits	(436,774)	282,595
Deferred rent and lease incentive	427,823	781,176
Deferred compensation obligations	166,875	207,300
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>157,421</b>	<b>5,916,724</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	1,739,061	967,050
Purchases of investments	(1,529,413)	(1,327,995)
Purchases of property and equipment	(1,354,762)	(1,729,336)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,145,114)</b>	<b>(2,090,281)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note payable	(180,551)	(173,213)
Principal payments on capital lease obligations	(119,983)	(60,383)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(300,534)</b>	<b>(233,596)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,288,227)</b>	<b>3,592,847</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>10,223,667</b>	<b>6,630,820</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 8,935,440</b>	<b>\$ 10,223,667</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid and other fees	<b>\$ 45,568</b>	<b>\$ 31,365</b>
<b>NONCASH TRANSACTIONS</b>		
Noncash investing activities:		
Property and equipment acquired in capital lease	\$ -	\$ 569,509
Capital lease obligation	-	(569,509)
Leasehold improvements acquired in operating lease	-	2,537,712
Deferred lease incentive included in operating lease	-	(2,537,712)
	<b>\$ -</b>	<b>\$ -</b>

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, 2020**

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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 potentially uncollectible receivables.

**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, 2020**

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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, 2020**

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

**Fair Value Measurement (continued)**

As of and for the year ended December 31, 2020, 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, 2020.

**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.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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

**Revenue and Support Recognition (continued)**

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 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.

Support from government grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and are recognized as contributions when the conditions are substantially met. Revenue recognized on government grants for which billings have not been presented to or collected from the awarding agency is included in receivables in the accompanying consolidated statement of financial position. The expenditures under these grants are subject to review by the granting authority.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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

**Donated Support**

Contributed merchandise that is resold is recorded based on its estimated fair value, which includes all the costs required to prepare the merchandise for resale, and 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.

2. Receivables

Receivables consisted of the following as of December 31, 2020:

U.S. government prime contracts	\$ 1,287,988
Donated goods sales	596,031
Tenant allowance reimbursement	135,068
Contributions	99,919
D.C. real estate tax rebate	19,395
Commercial contracts	17,884
Other	17,298
Government grants	<u>4,000</u>
Total Receivables	<u>\$ 2,177,583</u>

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

As of December 31, 2020, Goodwill had conditional contributions related to cost reimbursable grants in the amount of \$183,230 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  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

3. Investments

Investments are stated at fair value and consisted of the following as of December 31, 2020:

Exchange-traded funds:	
Equities	\$ 4,633,509
Fixed-income	720,959
Mutual funds:	
Fixed-income	1,494,392
Equities	291,087
Money market funds	435,732
Certificate of deposit	<u>262,400</u>
Total Investments	<u>\$ 7,838,079</u>

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

At December 31, 2020, investments totaling \$885,818 were held in segregated accounts to fund Goodwill's deferred compensation obligation 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, 2020:

Interest and dividends, net	\$ 133,293
Unrealized gain	<u>576,971</u>
Investment Income, Net	<u>\$ 710,264</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, 2020:

	<u>Total 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:				
Investments:				
Exchange-traded funds	\$ 5,354,468	\$ 5,354,468	\$ -	\$ -
Mutual funds	1,785,479	1,785,479	-	-
Money market funds	435,732	435,732	-	-
Certificate of deposit	<u>262,400</u>	<u>-</u>	<u>262,400</u>	<u>-</u>
Total Investments	<u>\$ 7,838,079</u>	<u>\$ 7,575,679</u>	<u>\$ 262,400</u>	<u>\$ -</u>

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4. Fair Value Measurement (continued)

	<u>Total 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	\$ 567,303	\$ 567,303	\$ -	\$ -
Annuity contracts	<u>36,936</u>	<u>-</u>	<u>36,936</u>	<u>-</u>
Subtotal Investments – Deferred Compensation Plan	604,239	<u>\$ 567,303</u>	<u>\$ 36,936</u>	<u>\$ -</u>
Pooled separate accounts	<u>281,579</u>			
Total Investments – Deferred Compensation Plan	<u>\$ 885,818</u>			
Liabilities:				
Deferred compensation obligation	<u>\$ (885,818)</u>	<u>\$ -</u>	<u>\$ (885,818)</u>	<u>\$ -</u>

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

*Certificate of deposit* – Valued at costs 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 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. The NAV is used as a practical expedient to estimate fair value. In terms of ability to redeem funds, the redemption frequency, if currently eligible, is daily and there are no redemption notice period.

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

**GOODWILL OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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5. Property and Equipment

The following property and equipment was held as of December 31, 2020:

Furniture and equipment	\$ 7,251,960
Leasehold improvements	8,658,129
Buildings and improvements	4,818,679
Land	1,218,700
Software	981,606
Vehicles and transportation equipment	894,668
Assets in process	<u>150,002</u>
Total Property and Equipment	23,973,744
Less: Accumulated Depreciation and Amortization	<u>(14,094,139)</u>
Property and Equipment, Net	<u>\$ 9,879,605</u>

As of December 31, 2020, assets in process included costs related to improvements on leased space 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, 2020.

Depreciation and amortization expense totaled \$1,747,980, for the year ended December 31, 2020 and is included in depreciation, amortization and loss of disposal of assets in the accompanying statement of functional expenses.

6. Capital Lease Obligations

Goodwill leases vehicles through capital leases. The lease terms range from three to seven years with expiration dates through November 30, 2026, and have a cost of \$704,938 and accumulated depreciation of \$232,586 as of December 31, 2020.

Future minimum lease payments are as follows:

For the Year Ending <u>December 31,</u>	
2021	\$ 90,834
2022	92,220
2023	92,220
2024	92,220
2025	92,220
Thereafter	<u>75,869</u>
Subtotal	535,583
Less: Portion Representing Interest	<u>(52,288)</u>
Total	<u>\$ 483,295</u>

**GOODWILL OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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6. Capital Lease Obligation (continued)

Interest expense related to capital leases totaled \$19,807 and is included in interest and other fees in the accompanying consolidated statement of functional expenses for the year ended December 31, 2020.

7. Line of Credit

Goodwill has a \$5,000,000 revolving line of credit with Truist Bank formerly SunTrust Bank that matures on July 31, 2021, with interest at a rate equal to the one-month London Interbank Offered Rate Index Rate, plus 1.85% (which was 2.0% as of December 31, 2020). 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 \$8,935,478 in borrowings and repayments, respectively and interest expense of \$3,827 during the year ended December 31, 2020. The line of credit is unsecured and requires Goodwill to comply with certain financial and nonfinancial covenants. As of December 31, 2020, Goodwill had not met the required debt service ratio of 1.2. The bank issued a waiver for noncompliance with this requirement. Goodwill was in compliance with all other financial loan covenants. There was no loan 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, 2020, Goodwill was in compliance with the financial loan covenants and the outstanding balance on the note was \$326,073.

Scheduled payments of principal on the note are as follows:

For the Year Ending December 31,	
2021	\$ 188,202
2022	<u>137,871</u>
Total	<u>\$ 326,073</u>

Interest expense related to this note totaled \$17,641 and is included in interest and other fees in the accompanying consolidated statement of functional expenses for the year ended December 31, 2020.

**GOODWILL OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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9. Risks, Commitments and Contingencies

**Operating Leases**

Goodwill leases store, warehouse space and its administrative offices under several noncancelable leases, the last of which expires in July 2035. Certain of these leases include annual escalation clauses and improvement allowances. Under GAAP, all fixed rent increases and improvement allowances are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent and lease incentive in the accompanying consolidated statement of financial position. In addition to annual rentals, several of the leases require that Goodwill pay the cost of insurance, a pro rata portion of real estate taxes and other operating expenses.

Future minimum lease payments under these leases are as follows:

<u>For the Year Ending December 31,</u>	
2021	\$ 8,894,798
2022	7,614,314
2023	6,751,919
2024	5,778,297
2025	5,080,373
Thereafter	<u>21,715,539</u>
Total	<u>\$ 55,835,240</u>

Store, warehouse and office rental expense totaled \$8,465,781 for the year ended December 31, 2020, and is included in occupancy expense in the accompanying consolidated statement of functional expenses.

**Child Development Center**

GEC has entered into an agreement with the Young Men's Christian Association of Metropolitan Washington (YMCA) to operate an on-site child development center at GEC's school building located in Washington, D.C. The initial agreement was for two years beginning on July 1, 2016, and was set to expire on June 30, 2018, with the option to extend the contract for up to three one-year extensions. The contract was extended for an additional year, which represents the third one-year extension, from July 1, 2020, through June 30, 2021, at an annual fee of \$521,964.

**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.

**GOODWILL OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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9. Risks, Commitments and Contingencies (continued)

**Global Pandemic**

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. As a result, various aspects of Goodwill of Greater Washington’s operations were adjusted, including but not limited to, the temporary closure of 20 retail stores and furloughing of both retail and professional staff during three months of the year.

The extent to which the coronavirus continues to impact Goodwill’s operations will depend on future developments, which are uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. While the financial impact cannot be reasonably estimated at this time, the disruption is currently expected to be temporary. As a result, Goodwill of Greater Washington has taken several steps to further strengthen its financial position, and maintain financial liquidity and flexibility, including reducing operating expenses, minimizing capital expenditures, and increasing its available revolving credit facility to \$5 million. Goodwill deferred approximately \$1,162,000 of store lease payments to future years, which is reflected in accounts payable and accrued expenses in the accompanying consolidated statement of financial position. Goodwill also deferred the payment of payroll taxes to the U.S Government totaling approximately \$1.1 million as provided by the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 of which 50% of the amount will be paid in calendar 2021 and 2022 respectively. This deferred obligation is reported in the accrued payroll and related liabilities in the accompanying consolidated statement of financial position.

10. Letter of Credit

As of December 31, 2020, Goodwill has a \$262,400 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 August and requires Goodwill to pay an annual fee equal to 1% of the outstanding balance.

As of December 31, 2020, Goodwill has 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, 2021, 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, 2020 totaled \$1,002,400 was for the purpose of workforce development programs.

**GOODWILL OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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, 2020, were as follows:

Cash and cash equivalents	\$ 8,935,440
Receivables	2,177,583
Investments	<u>7,838,079</u>
Total Financial Assets	18,951,102
Less:	
Amounts with donor purpose restrictions	(1,002,400)
Amounts restricted as collateral for letter of credit (see Note 10)	<u>(262,400)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 17,686,302</u>

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 July 31, 2021.

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 OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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13. Operating Lease Agreement and Membership Interests (continued)

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, 2020, Goodwill's received allocated income, deductions, credits and other items totaling \$8,604, as it relates to its interest in the Cryden Center, and is recorded in other income in the accompanying financial statements.

14. Significant Customers

During the year ended December 31, 2020, approximately 99% of service contracts income was earned through contracts with agencies of the federal government. Revenue from service contracts with federal agencies totaled \$11,553,683 for the year ended December 31, 2020.

15. Support

**Donated Support**

During the year ended December 31, 2020 Goodwill recognized support from contributed merchandise with an estimated fair value of \$9,484,505, of which \$896,693 is included in inventory at December 31, 2020 in the accompanying consolidated statement of financial position.

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 \$301,372 for the year ended December 31, 2020, 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, 2020, deferred compensation assets and the related liability totaled \$885,818 and are included in the accompanying statement of financial position.

**GOODWILL OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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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, 2020, 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, 2020, BKB had net operating loss carryforwards aggregating to approximately \$8,105,000. Of this amount, approximately \$5,297,000 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 \$2,105,000 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 performed an evaluation of uncertainty in income taxes for the year ended December 31, 2020, 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, 2020, 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, 2020, 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, 2019, from which the summarized information was derived.

19. Subsequent Events

In preparing these consolidated financial statements, Goodwill has evaluated events and transactions, for potential recognition or disclosure, through May 11, 2021, the date the consolidated financial statements were available to be issued. There were no subsequent events identified through May 11, 2021, 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, 2020**

	Goodwill of Greater Washington	Best Kept Buildings	The Goodwill Excel Center, Public Charter School	Eliminations	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 715,473	\$ 17,120	\$ 8,202,847	\$ -	\$ 8,935,440
Receivables	2,145,185	17,884	154,464	(139,950)	2,177,583
Intercompany receivable	7,784,894	-	-	(7,784,894)	-
Inventory	908,563	-	-	-	908,563
Prepaid expenses and other	2,000,436	898	170,447	-	2,171,781
Investments	7,838,079	-	-	-	7,838,079
Investments – deferred compensation plan	885,818	-	-	-	885,818
Property and equipment, net	8,013,380	-	1,870,345	(4,120)	9,879,605
Deposits	385,601	6,578	189,775	-	581,954
	<u>\$ 30,677,429</u>	<u>\$ 42,480</u>	<u>\$ 10,587,878</u>	<u>\$ (7,928,964)</u>	<u>\$ 33,378,823</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 2,742,504	\$ 15,545	\$ 571,975	\$ (139,950)	\$ 3,190,074
Intercompany payables	-	7,784,894	-	(7,784,894)	-
Accrued payroll and related liabilities	3,058,671	651,702	59,182	-	3,769,555
Contract liabilities and deposits	139,971	-	1,031,886	-	1,171,857
Deferred rent and lease incentive	5,829,085	-	1,606,129	-	7,435,214
Deferred compensation obligations	885,818	-	-	-	885,818
Capital lease obligations	483,295	-	-	-	483,295
Note payable	326,073	-	-	-	326,073
	<u>13,465,417</u>	<u>8,452,141</u>	<u>3,269,172</u>	<u>(7,924,844)</u>	<u>17,261,886</u>
<b>TOTAL LIABILITIES</b>					
<b>Net Assets</b>					
Without donor restrictions	16,209,612	(8,409,661)	7,318,706	(4,120)	15,114,537
With donor restrictions	1,002,400	-	-	-	1,002,400
	<u>17,212,012</u>	<u>(8,409,661)</u>	<u>7,318,706</u>	<u>(4,120)</u>	<u>16,116,937</u>
<b>TOTAL NET ASSETS</b>					
<b>TOTAL LIABILITIES AND NET ASSETS</b>					
	<u>\$ 30,677,429</u>	<u>\$ 42,480</u>	<u>\$ 10,587,878</u>	<u>\$ (7,928,964)</u>	<u>\$ 33,378,823</u>

See independent auditors' report on supplementary information.

**GOODWILL OF GREATER WASHINGTON  
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**CONSOLIDATING SCHEDULE OF ACTIVITIES  
For the Year Ended December 31, 2020**

	Goodwill of Greater Washington	Best Kept Buildings	The Goodwill Excel Center, Public Charter School	Eliminations	Total
<b>OPERATING REVENUE AND SUPPORT</b>					
Revenue:					
Donated goods sales	\$ 30,201,763	\$ -	\$ -	\$ -	\$ 30,201,763
Service contracts	11,553,774	84,764	-	-	11,638,538
Per pupil funding	-	-	7,549,159	-	7,549,159
Contract service income	1,717,881	6,915,756	-	(8,633,637)	-
Other income	8,636	-	2,558	-	11,194
<b>Total Revenue</b>	<b>43,482,054</b>	<b>7,000,520</b>	<b>7,551,717</b>	<b>(8,633,637)</b>	<b>49,400,654</b>
Support:					
Contributions – donated goods	9,484,505	-	-	-	9,484,505
Contributions – other	2,781,614	-	38,132	-	2,819,746
Grants	51,051	-	21,661	-	72,712
Legacies and bequests	60,000	-	-	-	60,000
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>55,859,224</b>	<b>7,000,520</b>	<b>7,611,510</b>	<b>(8,633,637)</b>	<b>61,837,617</b>
<b>OPERATING EXPENSES</b>					
Program Services:					
Retail program	46,061,181	6,326,608	-	(6,861,869)	45,525,920
Service contracts	9,426,209	181,657	-	(18,877)	9,588,989
Education program	620,001	-	5,496,042	(568)	6,115,475
Workforce development	2,144,096	-	-	-	2,144,096
<b>Total Program Services</b>	<b>58,251,487</b>	<b>6,508,265</b>	<b>5,496,042</b>	<b>(6,881,314)</b>	<b>63,374,480</b>
Supporting Services:					
Management and general	3,102,144	1,152,900	713,962	(1,752,891)	3,216,115
Fundraising	1,007,578	-	-	-	1,007,578
<b>Total Supporting Services</b>	<b>4,109,722</b>	<b>1,152,900</b>	<b>713,962</b>	<b>(1,752,891)</b>	<b>4,223,693</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>62,361,209</b>	<b>7,661,165</b>	<b>6,210,004</b>	<b>(8,634,205)</b>	<b>67,598,173</b>
Change in net assets from operations	(6,501,985)	(660,645)	1,401,506	568	(5,760,556)
<b>NONOPERATING ACTIVITIES</b>					
Investment income	710,264	-	-	-	710,264
<b>CHANGE IN NET ASSETS</b>	<b>(5,791,721)</b>	<b>(660,645)</b>	<b>1,401,506</b>	<b>568</b>	<b>(5,050,292)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>23,003,733</b>	<b>(7,749,016)</b>	<b>5,917,200</b>	<b>(4,688)</b>	<b>21,167,229</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 17,212,012</b>	<b>\$ (8,409,661)</b>	<b>\$ 7,318,706</b>	<b>\$ (4,120)</b>	<b>\$ 16,116,937</b>

See independent auditors' report on supplementary information.