



**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, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)*

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Report Thereon
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**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

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For the Year Ended December 31, 2021**

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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, 2021, 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, 2021, 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 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Washington, DC
May 12, 2022

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With Summarized Financial Information as of December 31, 2020)**

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 12,789,251	\$ 8,935,440
Receivables	2,698,677	2,177,583
Inventory	976,154	908,563
Prepaid expenses and other	2,283,173	2,171,781
Investments	8,742,399	7,838,079
Investments – deferred compensation plan	1,099,598	885,818
Property and equipment, net	9,648,527	9,879,605
Deposits	538,819	581,954
TOTAL ASSETS	\$ 38,776,598	\$ 33,378,823
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,554,032	\$ 3,190,074
Accrued payroll and related liabilities	3,634,016	3,769,555
Contract liabilities and deposits	1,462,550	1,171,857
Deferred rent and lease incentive	7,376,314	7,435,214
Deferred compensation obligations	1,099,598	885,818
Capital lease obligations	407,313	483,295
Note payable	137,871	326,073
TOTAL LIABILITIES	16,671,694	17,261,886
Net Assets		
Without donor restrictions	21,284,966	15,114,537
With donor restrictions	819,938	1,002,400
TOTAL NET ASSETS	22,104,904	16,116,937
TOTAL LIABILITIES AND NET ASSETS	\$ 38,776,598	\$ 33,378,823

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, 2021**

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

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
OPERATING REVENUE AND SUPPORT				
Revenue:				
Donated goods sales	\$ 46,166,117	\$ -	\$ 46,166,117	\$ 30,201,763
Service contracts	11,971,779	-	11,971,779	11,638,538
Per pupil funding	8,282,622	-	8,282,622	7,549,159
Other income	21,169	-	21,169	11,194
Total Revenue	66,441,687	-	66,441,687	49,400,654
Support:				
Contributions – donated goods	11,096,324	-	11,096,324	9,484,505
Government grant – PPP loan	1,995,000	-	1,995,000	-
Contributions and grants – other	2,138,030	87,500	2,225,530	2,892,458
Legacies and bequests	102,640	-	102,640	60,000
Net assets released from restrictions:				
Satisfaction of purpose restrictions	269,962	(269,962)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	82,043,643	(182,462)	81,861,181	61,837,617
OPERATING EXPENSES				
Program Services:				
Retail program	53,380,340	-	53,380,340	45,525,920
Service contracts	9,603,776	-	9,603,776	9,588,989
Education program	6,796,501	-	6,796,501	6,115,475
Workforce development	1,935,683	-	1,935,683	2,144,096
Total Program Services	71,716,300	-	71,716,300	63,374,480
Supporting Services:				
Management and general	4,044,821	-	4,044,821	3,216,115
Fundraising	1,011,383	-	1,011,383	1,007,578
Total Supporting Services	5,056,204	-	5,056,204	4,223,693
TOTAL OPERATING EXPENSES	76,772,504	-	76,772,504	67,598,173
Change in net assets from operations	5,271,139	(182,462)	5,088,677	(5,760,556)
NONOPERATING ACTIVITIES				
Investment income	899,290	-	899,290	710,264
CHANGE IN NET ASSETS	6,170,429	(182,462)	5,987,967	(5,050,292)
NET ASSETS, BEGINNING OF YEAR	15,114,537	1,002,400	16,116,937	21,167,229
NET ASSETS, END OF YEAR	\$ 21,284,966	\$ 819,938	\$ 22,104,904	\$ 16,116,937

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, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)**

	Program Services				Supporting Services			2021 Total	2020 Total	
	Retail Program	Service Contracts	Education Program	Workforce Development	Total Program Services	Management and General	Fundraising			Total Supporting Services
Personnel Expenses:										
Salaries	\$ 20,426,813	\$ 5,952,973	\$ 4,527,376	\$ 1,068,777	\$ 31,975,939	\$ 1,858,051	\$ 445,321	\$ 2,303,372	\$ 34,279,311	\$ 28,907,879
Employee benefits	3,307,496	2,048,775	45,355	249,962	5,651,588	313,726	92,178	405,904	6,057,492	6,315,622
Total Personnel Expenses	23,734,309	8,001,748	4,572,731	1,318,739	37,627,527	2,171,777	537,499	2,709,276	40,336,803	35,223,501
Cost of sales – donated goods	11,017,126	-	-	-	11,017,126	-	-	-	11,017,126	9,805,147
Occupancy	9,104,418	177,469	492,335	230,678	10,004,900	511,528	177,469	688,997	10,693,897	10,006,013
Depreciation, amortization and loss on disposal of assets	919,867	104,062	399,433	(577)	1,422,785	332,842	91,597	424,439	1,847,224	1,912,279
Other expenses	932,480	71,598	451,717	26,495	1,482,290	57,184	26,347	83,531	1,565,821	1,235,528
Supplies	969,009	449,577	69,654	5,798	1,494,038	25,842	1,393	27,235	1,521,273	1,659,715
Auctions	1,399,233	-	-	-	1,399,233	-	-	-	1,399,233	918,113
Professional fees	690,506	106,839	165,642	24,825	987,812	363,315	37,481	400,796	1,388,608	1,242,746
Utilities	1,099,001	1,837	90,202	9,422	1,200,462	5,296	1,837	7,133	1,207,595	910,196
Bank service charges	752,025	-	7,552	-	759,577	37,543	13,400	50,943	810,520	532,349
Postage and shipping	603,418	2,475	2,305	132	608,330	6,037	8,490	14,527	622,857	501,706
Equipment rental and maintenance	525,194	26,552	2,455	553	554,754	19,212	6,165	25,377	580,131	382,274
Insurance	299,977	41,989	52,323	12,344	406,633	45,456	3,716	49,172	455,805	312,310
SourceAmerica commissions	-	432,044	-	-	432,044	-	-	-	432,044	419,876
Telephone	251,606	63,399	51,157	13,989	380,151	26,081	9,828	35,909	416,060	475,428
Maintenance and repairs	346,542	10,095	15,426	7,928	379,991	21,675	7,520	29,195	409,186	321,509
Advertising	27,076	6,393	41,303	20,064	94,836	274,538	376	274,914	369,750	266,664
Software maintenance	125,249	25,415	87,626	75,579	313,869	6,941	27,148	34,089	347,958	339,220
Taxes, licenses and permits	83,199	799	165,565	2,594	252,157	1,367	838	2,205	254,362	230,628
Dues	64,544	10,867	41,850	20,776	138,037	42,191	31,502	73,693	211,730	212,904
Vehicles – rentals and maintenance	165,677	33,964	-	-	199,641	392	-	392	200,033	163,180
Printing and publications	76,306	14,943	22,660	3,641	117,550	51,387	24,387	75,774	193,324	165,538
Subcontractors	74,050	14,884	-	84,474	173,408	13,007	-	13,007	186,415	150,586
Travel	82,355	3,847	6,116	5,184	97,502	11,033	1,461	12,494	109,996	79,123
Student transportation stipends	-	-	16,051	70,920	86,971	-	-	-	86,971	45,568
In-kind services	357	68	41,722	17	42,164	799	17	816	42,980	-
Interest and other fees	10,260	2,912	-	1,983	15,155	10,965	2,912	13,877	29,032	41,802
Cost of sales – purchased goods	26,556	-	-	-	26,556	-	-	-	26,556	22,238
Special events	-	-	676	125	801	8,413	-	8,413	9,214	22,032
TOTAL EXPENSES	\$ 53,380,340	\$ 9,603,776	\$ 6,796,501	\$ 1,935,683	\$ 71,716,300	\$ 4,044,821	\$ 1,011,383	\$ 5,056,204	\$ 76,772,504	\$ 67,598,173

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, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,987,967	\$ (5,050,292)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,847,224	1,747,980
Unrealized and realized gains on investments	(796,879)	(576,971)
Losses on disposal of assets	-	164,299
Changes in assets and liabilities:		
Receivables	(521,094)	1,102,298
Inventory	(67,591)	317,709
Prepaid expenses and other	(111,392)	(313,190)
Deposits	43,135	(150,985)
Accounts payable and accrued expenses	(979,250)	1,469,823
Accrued payroll and related liabilities	(135,539)	1,288,826
Contract liabilities and deposits	290,693	(436,774)
Deferred rent and lease incentive	(58,900)	427,823
Deferred compensation obligations	213,780	166,875
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,712,154	157,421
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,257,419	1,739,061
Purchases of investments	(1,578,640)	(1,529,413)
Purchases of property and equipment	(1,272,938)	(1,354,762)
NET CASH USED IN INVESTING ACTIVITIES	(1,594,159)	(1,145,114)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(188,202)	(180,551)
Principal payments on capital lease obligations	(75,982)	(119,983)
NET CASH USED IN FINANCING ACTIVITIES	(264,184)	(300,534)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,853,811	(1,288,227)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,935,440	10,223,667
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,789,251	\$ 8,935,440
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid and other fees	\$ 29,032	\$ 41,802
NONCASH TRANSACTIONS		
Noncash investing activities:		
Property and equipment purchases in accounts payable	\$ 343,208	\$ -

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, 2021**

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, 2021**

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, 2021**

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

Fair Value Measurement (continued)

As of and for the year ended December 31, 2021, 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, 2021.

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, 2021**

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, including the Paycheck Protection Program (PPP), 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

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

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

Revenue and Support Recognition (continued)

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.

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, 2021:

U.S. government prime contracts	\$ 1,762,117
Donated goods sales	477,880
Tenant allowance reimbursement	343,208
Contributions and grants	87,420
Commercial contracts	10,146
Other	<u>17,906</u>
Total Receivables	<u>\$ 2,698,677</u>

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

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

2. Receivables (continued)

As of December 31, 2021, Goodwill had conditional contributions related to cost reimbursable grants in the amount of \$140,330 that have not been recognized. The conditions upon which they depend had not been met and qualifying expenditures had not been incurred.

On April 5, 2021, Goodwill entered into a SBA loan with its financial institution under the PPP for the amount of \$1,995,000. The loan was scheduled to mature on April 5, 2026, with a fixed interest rate of 1% per annum. Goodwill applied for and received forgiveness in September 2021, which is reflected as government grant – PPP loan in the accompanying consolidated statement of activities as Goodwill elected to treat the PPP loan as a conditional government grant.

3. Investments

Investments are stated at fair value and consisted of the following as of December 31, 2021:

Exchange-traded funds:	
Equities	\$ 5,334,428
Fixed-income	695,888
Mutual funds:	
Fixed-income	1,685,980
Equities	317,533
Money market funds	446,170
Certificate of deposit	<u>262,400</u>
Total Investments	<u>\$ 8,742,399</u>

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

At December 31, 2021, investments totaling \$1,099,598 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, 2021:

Interest and dividends, net	\$ 102,411
Realized gain	407,639
Unrealized gain	<u>389,240</u>
Investment Income, Net	<u>\$ 899,290</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

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, 2021:

	<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:				
Investments:				
Exchange-traded funds	\$ 6,030,316	\$ 6,030,316	\$ -	\$ -
Mutual funds	2,003,513	2,003,513	-	-
Money market funds	446,170	446,170	-	-
Certificate of deposit	<u>262,400</u>	<u>-</u>	<u>262,400</u>	<u>-</u>
Total Investments	<u>\$ 8,742,399</u>	<u>\$ 8,479,999</u>	<u>\$ 262,400</u>	<u>\$ -</u>
Investments – deferred compensation plan:				
Mutual funds	\$ 555,604	\$ 555,604	\$ -	\$ -
Annuity contracts	<u>45,966</u>	<u>-</u>	<u>45,966</u>	<u>-</u>
Subtotal Investments – Deferred Compensation Plan	601,570	<u>\$ 555,604</u>	<u>\$ 45,966</u>	<u>\$ -</u>
Pooled separate accounts	<u>498,028</u>			
Total Investments – Deferred Compensation Plan	<u>\$ 1,099,598</u>			
Liabilities:				
Deferred compensation obligations	<u>\$ (1,099,598)</u>	<u>\$ -</u>	<u>\$ (1,099,598)</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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

4. Fair Value Measurement (continued)

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

5. Property and Equipment

The following property and equipment was held as of December 31, 2021:

Leasehold improvements	\$ 8,815,516
Furniture and equipment	8,155,852
Buildings and improvements	4,818,679
Land	1,218,700
Software	1,015,474
Vehicles and transportation equipment	894,668
Assets in process	<u>671,569</u>
Total Property and Equipment	25,590,458
Less: Accumulated Depreciation and Amortization	<u>(15,941,931)</u>
Property and Equipment, Net	<u>\$ 9,648,527</u>

As of December 31, 2021, 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, 2021.

Depreciation and amortization expense totaled \$1,847,224, for the year ended December 31, 2021 and is included in depreciation, amortization and loss of disposal of assets in the accompanying statement of functional expenses.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 \$569,509 and accumulated depreciation of \$177,372 as of December 31, 2021.

Future minimum lease payments are as follows:

For the Year Ending December 31,		
2022	\$	92,220
2023		92,220
2024		92,220
2025		92,220
2026		75,609
Subtotal		444,489
Less: Portion Representing Interest		(37,176)
Total		\$ 407,313

Interest expense related to capital leases totaled \$16,467 and is included in interest and other fees in the accompanying consolidated statement of functional expenses for the year ended December 31, 2021.

7. Line of Credit

Goodwill has a \$5,000,000 revolving line of credit with Truist Bank formerly SunTrust Bank that matures on August 29, 2022, with interest at a rate equal to the one-month London Interbank Offered Rate Index Rate, plus 1.85% (which was 1.95% as of December 31, 2021). 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 \$6,277,238 in borrowings and repayments, respectively and interest expense of \$2,572 during the year ended December 31, 2021. The line of credit is unsecured and requires Goodwill to comply with certain financial and nonfinancial covenants. As of December 31, 2021, 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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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8. Note Payable (continued)

nonfinancial covenants and restrictions on future borrowings. As of December 31, 2021, Goodwill was in compliance with the financial covenants and the outstanding balance on the note was \$137,871, which is scheduled to be repaid during the year ended December 31, 2022.

Interest expense related to this note totaled \$9,991 and is included in interest and other fees in the accompanying consolidated statement of functional expenses for the year ended December 31, 2021.

9. Risks, Commitments and Contingencies

Operating Leases

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. 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>	
2022	\$ 9,126,458
2023	8,590,687
2024	7,722,157
2025	6,392,521
2026	5,177,873
Thereafter	<u>25,917,835</u>
Total	<u>\$62,927,531</u>

Store, warehouse, education center and office rental expense totaled \$9,075,415 for the year ended December 31, 2021, 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

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9. Risks, Commitments and Contingencies (continued)

Child Development Center (continued)

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.

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 school building located in Washington, D.C. The agreement is set to expire on June 30, 2022, with the option to extend for four additional two-year extensions, with an annual fee of \$579,344 in the first year and \$1,187,655 in the second year, assuming GEC opens a second school location.

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.

Global Pandemic

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus ("COVID-19") as a pandemic. 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 ending December 31, 2020.

Goodwill of Greater Washington took 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, of which approximately \$301,000 remained outstanding as of December 31, 2021 and are 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% was paid in 2021 with the remaining balance to be paid in 2022. This deferred obligation is reported in the accrued payroll and related liabilities in the accompanying consolidated statement of financial position.

**GOODWILL OF GREATER WASHINGTON
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For the Year Ended December 31, 2021**

10. Letter of Credit

As of December 31, 2021, Goodwill had 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. Subsequent to year end, this letter of credit was renegotiated and reduced to \$212,400 and renews annually each February.

As of December 31, 2021, 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, 2022, 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, 2021 totaled \$819,938 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, 2021, were as follows:

Cash and cash equivalents	\$ 12,789,251
Receivables	2,698,677
Investments	<u>8,742,399</u>
Total Financial Assets	24,230,327
Less:	
Amounts with donor purpose restrictions	(819,938)
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>\$ 23,147,989</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

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

12. Availability and Liquidity (continued)

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 29, 2022.

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, 2021, Goodwill received allocated income, deductions, credits and other items totaling \$9,431, 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, 2021, approximately 99% of service contracts income was earned through contracts with agencies of the federal government. Revenue from service contracts with federal agencies totaled \$11,928,858 for the year ended December 31, 2021.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

15. Donated Support

During the year ended December 31, 2021, Goodwill recognized support from contributed merchandise with an estimated fair value of \$11,096,324, of which \$975,891 is included in inventory at December 31, 2021 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 \$336,776 for the year ended December 31, 2021, 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, 2021, deferred compensation assets and the related liability totaled \$1,099,598 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, 2021, 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, 2021, BKB had net operating loss carryforwards aggregating to approximately \$8,882,000. 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 \$2,882,000 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

17. Income Taxes (continued)

Goodwill performed an evaluation of uncertainty in income taxes for the year ended December 31, 2021, 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, 2021, 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, 2021, 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, 2020, 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 12, 2022, the date the consolidated financial statements were available to be issued. Except as described in Note 10, there were no subsequent events identified through May 12, 2022, that require recognition or disclosure in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

**GOODWILL OF GREATER WASHINGTON
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**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2021**

	Goodwill of Greater Washington	Best Kept Buildings	The Goodwill Excel Center, Public Charter School	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 2,892,014	\$ 16,373	\$ 9,880,864	\$ -	\$ 12,789,251
Receivables	2,698,264	10,146	405,325	(415,058)	2,698,677
Intercompany receivable	8,550,478	-	-	(8,550,478)	-
Inventory	976,154	-	-	-	976,154
Prepaid expenses and other	2,106,234	1,094	175,845	-	2,283,173
Investments	8,742,399	-	-	-	8,742,399
Investments – deferred compensation plan	1,099,598	-	-	-	1,099,598
Property and equipment, net	7,365,551	-	2,286,528	(3,552)	9,648,527
Deposits	469,200	6,361	63,258	-	538,819
TOTAL ASSETS	<u>\$ 34,899,892</u>	<u>\$ 33,974</u>	<u>\$ 12,811,820</u>	<u>\$ (8,969,088)</u>	<u>\$ 38,776,598</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	\$ 1,949,263	\$ 17,901	\$ 1,001,926	\$ (415,058)	\$ 2,554,032
Intercompany payables	-	8,550,478	-	(8,550,478)	-
Accrued payroll and related liabilities	2,854,093	700,902	79,021	-	3,634,016
Contract liabilities and deposits	208,258	-	1,254,292	-	1,462,550
Deferred rent and lease incentive	5,606,909	-	1,769,405	-	7,376,314
Deferred compensation obligations	1,099,598	-	-	-	1,099,598
Capital lease obligations	407,313	-	-	-	407,313
Note payable	137,871	-	-	-	137,871
TOTAL LIABILITIES	<u>12,263,305</u>	<u>9,269,281</u>	<u>4,104,644</u>	<u>(8,965,536)</u>	<u>16,671,694</u>
Net Assets					
Without donor restrictions	21,816,649	(9,235,307)	8,707,176	(3,552)	21,284,966
With donor restrictions	819,938	-	-	-	819,938
TOTAL NET ASSETS	<u>22,636,587</u>	<u>(9,235,307)</u>	<u>8,707,176</u>	<u>(3,552)</u>	<u>22,104,904</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,899,892</u>	<u>\$ 33,974</u>	<u>\$ 12,811,820</u>	<u>\$ (8,969,088)</u>	<u>\$ 38,776,598</u>

See independent auditors' report on supplementary information.

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**CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2021**

	Goodwill of Greater Washington	Best Kept Buildings	The Goodwill Excel Center, Public Charter School	Eliminations	Total
OPERATING REVENUE AND SUPPORT					
Revenue:					
Donated goods sales	\$ 46,166,117	\$ -	\$ -	\$ -	\$ 46,166,117
Service contracts	11,928,858	42,921	-	-	11,971,779
Per pupil funding	-	-	8,282,622	-	8,282,622
Contract service income	2,088,483	8,909,940	-	(10,998,423)	-
Other income	20,496	-	673	-	21,169
Total Revenue	60,203,954	8,952,861	8,283,295	(10,998,423)	66,441,687
Support:					
Contributions – donated goods	11,096,324	-	-	-	11,096,324
Government grant – PPP loan	1,995,000	-	-	-	1,995,000
Contributions and grants – other	1,880,469	-	395,061	(50,000)	2,225,530
Legacies and bequests	102,640	-	-	-	102,640
TOTAL OPERATING REVENUE AND SUPPORT	75,278,387	8,952,861	8,678,356	(11,048,423)	81,861,181
OPERATING EXPENSES					
Program Services:					
Retail program	53,800,869	8,410,561	-	(8,831,090)	53,380,340
Service contracts	9,500,476	121,822	-	(18,522)	9,603,776
Education program	538,526	-	6,308,543	(50,568)	6,796,501
Workforce development	1,935,683	-	-	-	1,935,683
Total Program Services	65,775,554	8,532,383	6,308,543	(8,900,180)	71,716,300
Supporting Services:					
Management and general	3,966,165	1,246,124	981,343	(2,148,811)	4,044,821
Fundraising	1,011,383	-	-	-	1,011,383
Total Supporting Services	4,977,548	1,246,124	981,343	(2,148,811)	5,056,204
TOTAL OPERATING EXPENSES	70,753,102	9,778,507	7,289,886	(11,048,991)	76,772,504
Change in net assets from operations	4,525,285	(825,646)	1,388,470	568	5,088,677
NONOPERATING ACTIVITIES					
Investment income	899,290	-	-	-	899,290
CHANGE IN NET ASSETS	5,424,575	(825,646)	1,388,470	568	5,987,967
NET ASSETS, BEGINNING OF YEAR	17,212,012	(8,409,661)	7,318,706	(4,120)	16,116,937
NET ASSETS, END OF YEAR	\$ 22,636,587	\$ (9,235,307)	\$ 8,707,176	\$ (3,552)	\$ 22,104,904

See independent auditors' report on supplementary information.